Extract of Company Operation and Financial Information of Country Garden Holdings Company Limited

Risk factors

Risks relating to our business

Our financial information for fiscal year 2008 has not been restated to reflect a change in accounting policy and therefore certain line items are not directly comparable to our financial information for fiscal years 2009, as restated, and 2010

During the year ended December 31, 2010, we changed our accounting policy for recording land use rights which are held for development and subsequent sale. The adoption of this new accounting policy has the effect of deferring the recognition of expenses related to land use rights, which in turn has an impact on other financial statement items such as cost of sales, administrative expenses, income tax expenses, properties under development, completed properties held for sale and deferred tax assets.

We accounted for this change in accounting policy retrospectively for 2009 by restating the financial information as of and for the year ended December 31, 2009 contained in our audited consolidated financial statements as of and for the year ended December 31, 2010, and present such restated financial information (except for the audited consolidated financial information as of and for the year ended December 31, 2009, which has not been restated). We restated such financial information by reversing the amortization charged in prior years. The financial information as of and for the year ended December 31, 2008 as presented herein as well as the audited consolidated financial information as of and for the years ended December 31, 2008 and 2009 have not been restated to reflect the adoption of this new accounting policy. As a result, certain line items in the unrestated financial information as of and for the year ended December 31, 2008 are not directly comparable to the financial information as of and for the year ended December 31, 2009, as restated, and the year ended December 31, 2010. Accordingly, the comparative information, discussion and analysis of the unrestated financial information for fiscal year 2008 against the financial information for fiscal year 2009, as restated, and for fiscal year 2010 may not be meaningful, and you are cautioned not to place on undue reliance on such information, discussion or analysis. If the financial information for fiscal year 2008 were to be restated, land use rights held for development and subsequent sale would be reclassified as inventories and included in "Properties under development" or "Completed properties held for sales" under "Current assets" or "Non-current assets." The restatement would also, among other things, cause our operating profit, profit before income tax and profit and total comprehensive income for 2008 to increase slightly, mainly as a result of the reverse of amortization of land use rights charged to "Administrative expenses."

We are heavily dependent on the performance of the property market in the PRC, particularly in Guangdong Province

Our business and prospects depend on the performance of the PRC property market. Any housing market downturn in China generally or in the regions where we have property developments could adversely affect our business, financial condition and results of operations. Our property developments currently are largely located in Guangdong Province. We established our business by developing private residential properties in Shunde District in 1997 and began expanding our project development activities to other locations in Guangdong Province in 1998. As of December 31, 2010, we had developed or were developing 51 projects in Guangdong Province and 33 projects outside Guangdong Province. The projects in Guangdong Province and outside Guangdong Province have an aggregate GFA (including completed properties, properties under development and properties for future development) of approximately 39,794,448 sq.m. and 28,580,745 sq.m., respectively. In addition, we and certain other property developers signed a land grant contract on December 22, 2009 to acquire the Asian Games Project, which is also located in Guangdong Province and occupies an estimated site area of approximately 2,639,520 sq.m. Although we are pursuing further business opportunities in other locations in the PRC, we intend to maintain and increase our market share in Guangdong Province.

Demand for private residential properties in the PRC, including Guangdong Province, has grown rapidly in the last decade but such growth is often coupled with volatility in market conditions and fluctuations in property prices. We cannot assure you that property development and investment activities will continue at past levels or that we will be able to benefit from future growth in the property market in Guangdong Province or the PRC. Any adverse developments in national and local economic conditions as measured by such factors as GDP growth, employment levels, job growth, consumer confidence, interest rates and population growth in the PRC, particularly in the regions where our projects are located, may reduce demand and depress prices for our products and services and have a material adverse effect on our business, financial condition and results of operations. Demand for and prices of properties in the PRC are also directly affected by the macroeconomic control measures adopted by the PRC government from time to time. See "—Risks relating to the property sector in the PRC—The property industry in the PRC is subject to government regulations and policies, which could have the effect of slowing down the industry's growth." Any adverse development in the condition of the property market in the PRC could have a material adverse effect on our business, financial condition and results of operations.

Increasing competition in the PRC may adversely affect our business, financial condition and results of operations

In recent years, a large number of property developers have undertaken property development and investment projects in Guangdong Province and elsewhere in the PRC. Our major competitors include large regional, national and overseas property developers (including a number of leading Hong Kong property developers), some of which may have better track records and greater financial and other resources than us. In addition, we also compete with small local homebuilders.

The intensity of the competition among property developers in Guangdong Province and other parts of the PRC for land, financing, raw materials and skilled management and labor resources may result in increased cost of land acquisition and construction, a decrease in property prices and delays in the government approval process. An oversupply of properties available for sale could also depress the prices of the commodity properties we sell. Any of the above may adversely affect our business, financial condition and results of operations.

In addition, the property markets in Guangdong Province and elsewhere in the PRC are rapidly changing. If we cannot respond to changes in market conditions in Guangdong Province or elsewhere or changes in customer preferences more swiftly or more effectively than our competitors, our business, results of operations and financial condition could be adversely affected.

We may not have adequate funding resources to finance land acquisitions or property developments, or to service our financing obligations

The property development business is capital intensive. We finance our business primarily through a combination of internal funding, bank borrowings, capital markets financing (such as our initial public offering in April 2007 (the "IPO") and the offerings of the RMB4,314.0 million aggregate principal amount of U.S. dollar settled 2.5% convertible bonds due 2013 (the "Convertible Bonds"), of which RMB3,595.0 million were issued on February 22, 2008, with the remaining issued on March 3, 2008, US$375 million 11.750% senior notes due 2014 which were issued in September 2009 (the "2014 Notes"), US$550 million 11.250% senior notes due 2017 which were issued in April 2010 (the "2017 Notes") and US$400 million 10.500% senior notes due 2015 which were issued in August 2010 (the "2015 Notes")) and pre-sales and sales proceeds. Further, purchasers who choose to pay the purchase price in full without taking out a mortgage may not pay the full purchase price on time and this may affect our cashflow position. We cannot assure you that we will have sufficient cash flow available for land acquisitions or property developments or that we will be able to achieve sufficient pre-sales and sales to fund land acquisitions or property developments. In addition, we cannot assure you that we will be able to secure external financing on terms acceptable to us or at all.

As of December 31, 2010, we had RMB20,118.2 million (US$3,048.2 million) of outstanding borrowings (including the Convertible Bonds, the 2014 Notes, the 2017 Notes and the 2015 Notes), of which RMB6,565.6 million (US$994.8 million) were short-term borrowings. Our total interest expense on bank borrowings, the Convertible Bonds, the 2014 Notes, the 2017 Notes and the 2015 Notes for the years ended December 31, 2008, 2009 and 2010 was RMB832.3 million, RMB1,124.7 million and RMB1,479.5 million (US$224.2 million), respectively.

Our ability to arrange adequate financing for land acquisitions or property developments on terms that will allow us to earn reasonable returns depends on a number of factors that are beyond our control. The PRC government has in the past taken a variety of policy initiatives in the financial sector to tighten lending procedures for property developers including, among other things:

- forbidding PRC commercial banks from extending loans to property developers to finance land premiums;
- restricting PRC commercial banks from extending loans for the development of luxury residential properties;
- restricting the granting or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- restricting the granting or extension of revolving credit facilities to property developers that have a history of being included in land-related abuses, including misconduct related to changing the use of land, postponing construction or completion of projects or hoarding property.
- prohibiting commercial banks from taking commodity properties that have been vacant for more than three years as security for mortgage loans; and

- forbidding property developers from using borrowings obtained from any local banks to fund property developments outside that local region.

In addition, PBOC regulates the lending rates and reserve requirement ratios for commercial banks in the PRC. PBOC raised the benchmark one-year lending rate several times between 2004 and 2008. PBOC increased the reserve requirement ratio for commercial banks several times between 2006 and 2008 to curtail the overheating of the property sector. The reserve requirement refers to the amount of funds that banks must hold in reserve with PBOC against deposits made by their customers. After the commencement of the global economic slowdown in the second half of 2008, the PRC government adopted measures intended to stimulate economic development, including lowering benchmark lending rates and the reserve requirement ratios for commercial banks. However, PBOC increased the benchmark one-year lending rate two times and the reserve requirement ratios six times in 2010. The increases in the bank reserve requirement ratios may negatively impact the amount of funds available to commercial banks in China to lend to businesses, including us. The benchmark one-year lending rate is currently 5.81%, effective on December 26, 2010. The current reserve requirement ratio, which took effect on January 20, 2011, ranges from 15.5% to 19.0%. We cannot assure you that PBOC will not further raise lending rates or reserve requirement ratios in the future, or that our business, financial condition and results of operations would not be adversely affected as a result of these adjustments.

The fiscal and other measures adopted by the PRC government from time to time may limit our flexibility and ability to use bank loans to finance our property developments and therefore may require us to maintain a relatively high level of internally-sourced cash. In November 2009, the PRC government raised the minimum down payment to 50% of the total land premium and required the land premium to be fully paid within one year after the signing of a land contract, subject to limited exceptions. In March 2010, the PRC government further tightened this requirement by setting a minimum price for land transfers of at least 70% of the benchmark price for land in the surrounding locality and requiring a bidding deposit of at least 20% of the applicable minimum land transfer price. Additionally, a land grant contract must be entered into within 10 working days of closing and the 50% down payment (taking into account any deposits previously paid) paid within one month of signing the land grant contract, with the balance to be paid in full within one year of the contract date in accordance with provisions of such contract, subject to limited exceptions. These new requirements may constrain our cash otherwise available for additional land acquisition and construction. We cannot assure you that we will have adequate resources to fund land acquisitions (including any unpaid land premiums for past acquisitions), or property developments, or to service our financing obligations, and our business and financial condition may be materially adversely affected. In addition, the increase in benchmark lending rates has led to higher interest rates for mortgage loans, which may depress demand in the property market in general.

If we are unable to make scheduled payments in connection with our debt and other fixed payment obligations as they become due, we may need to renegotiate the terms and conditions of such obligations or to obtain additional equity or debt financing. We cannot assure you that our renegotiation efforts would be successful or timely or that we would be able to refinance our obligations on acceptable terms or at all. If financial institutions decline to lend additional funds to us or to refinance our existing loans when they mature as a result of our credit risk and we fail to raise financing through other means, our financial condition, cash flow position and business prospects may be materially and adversely affected. You may find additional information in respect of the key terms of our outstanding obligations under the section entitled

''Description of other material indebtedness.'' We cannot assure you that we will be able to maintain the relevant financial ratios from time to time nor that we will not default. If we are unable to obtain forbearance or waiver arrangements with the relevant lenders and upon occurrence of any default, event of default or cross-default in the future, it could lead to, among other things, an acceleration in our debt financing obligations, which could in turn have a material and adverse effect on our financial condition.

We may not be able to obtain a sufficient number of sites or retain sites suitable for property developments

We derive the majority of our revenue from the sale of properties that we have developed. This revenue stream is dependent on our ability to complete and sell our property developments. To maintain or grow our business in the future, we will be required to replenish our land reserve with suitable sites for developments. Our ability to identify and acquire a sufficient number of suitable sites is subject to a number of factors that are beyond our control.

The PRC government controls substantially all of the country's land supply and regulates the means by which property developers, including us, obtain land sites for property developments. As a result, the PRC government's land supply policies affect our ability to acquire land use rights for sites we identify and the costs of any acquisition. In May 2002, the PRC government introduced regulations requiring government departments and agencies to grant state-owned land use rights for residential or commercial property developments through public tender, auction or listing-for-sale. We are required to follow these procedures to acquire land use rights to desirable sites from the government, which may result in higher land premiums than those we previously paid. Although these regulations do not prevent privately held land use rights from being traded in the secondary market, the PRC government's policy to grant state-owned land use rights at competitive market prices is likely to increase the acquisition cost of land reserves generally in the PRC. If we fail to acquire sufficient land reserves in a timely manner and at acceptable prices, or at all, our business prospects, results of operations and financial condition may be materially and adversely affected.

In recent years, the PRC government has adopted a number of initiatives to control the growth of China's residential property sector and to promote the development of more affordable housing. For example:

- one initiative requires local governments, when approving new residential projects after June 1, 2006, to ensure at least 70% of their annual land supply (in terms of estimated GFA) consists of units that are less than 90 sq.m. in size;

- in an announcement made on May 30, 2006, the Ministry of Land and Resources of the PRC (the "Ministry of Land and Resources") has stated that land supply priority shall be given to ordinary commodity houses at middle to low prices and in medium to small sizes (including affordable housing);

- pursuant to the "Catalogue of Restricted Use of Land (2006 Version Supplement)" (限制用地項目目錄(2006年本增補本)) and the "Catalogue of Prohibited Use of Land (2006 Version Supplement)" (禁止用地項目目錄(2006年本增補本)) issued by the Ministry of Land and Resources on November 10, 2009, the area of a parcel of land granted for commodity housing development shall not exceed seven hectares in small cities (towns), 14 hectares in medium cities or 20 hectares in large cities; and

- the Notice on Resolutely Curbing the Rapid Rising of the House Price in Certain Cities (堅決遏制部分城市房價過快上漲的通知) issued by the State Council of the PRC (the "State Council") on April 17, 2010 also reiterated that the government will give high priority to supplying more affordable housing.

Additionally, the PRC central and local governments have implemented various measures to regulate the means by which property developers obtain land for property development (see "—The PRC government has implemented restrictions on the payment terms for land use rights"). The PRC government also controls land supply through zoning, land use regulations and other means.

All these measures further intensify the competition for land in China among property developers.

These policy initiatives and other measures adopted by the PRC government from time to time may limit our ability to acquire suitable land for development or significantly increase land acquisition cost, which may have a material adverse effect on our business, financial condition and results of operations.

Our land may be forfeited to the PRC government if we fail to comply with the terms of the land grant contracts

Under PRC laws and regulations, if a property developer fails to develop land according to the terms of the land grant contract (including those relating to payment of fees, designated use of land, time for commencement and completion of development of the land), the relevant government authorities may issue a warning to, or impose a penalty on, the developer, or require the developer to forfeit the land. Under current PRC laws and regulations, if we fail to commence development within one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on us and impose an idle land fee on the land of up to 20.0% of the land premium. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the land is subject to forfeiture to the PRC government unless the delay in development is caused by government actions, force majeure or necessary preparatory work. Recently, in the "Notice on Enhancing the Economical and Intensive Use of Land" (國務院關於促進節約集約用地的通知) promulgated by the State Council on January 3, 2008, this policy was reinforced. This notice states, among other things, that (i) policies in relation to the forfeiture of land use rights without compensation for land which has remained idle for more than two years shall be strictly implemented; (ii) if any land remains idle for one year, an idle land fee of 20% of the relevant land premium shall be levied; (iii) before June 2008, all provincial, regional and municipal governments are required to submit to the State Council reports on the status of the clearance and handling of idle land; (iv) the prohibition of land supply for villa projects shall continue; (v) the Ministry of Land and Resources and other authorities are required to research and commence drafting implementation rules concerning the levy of land appreciation fees on idle land; (vi) in relation to the supply of residential land, planning conditions such as plot ratio limits and the number and type of units that can be constructed shall be taken into account in land grant contracts and allocation decisions to ensure that at least 70% of the total land grant for residential development will consist of low-rent housing, economy housing, limited price housing and units of less than 90 sq.m. in size; and (vii) financial institutions are required to exercise caution when approving financing for any property developer who, after one year from the commencement date stipulated in the land grant contract, fails to complete at least one-third of the development of their project or provide at least 25% of the total investment in the project.

Moreover, according to the "Notice on Implementation of the State Council's Certain Opinions on Resolving Residence Difficulties of Urban Low-income Families and Further Strengthening Macro-control of Land Supply" (關於認真貫徹《國務院關於解決城市低收入家庭住房困難的若干意見》進一步加強土地供應 調控的通知) issued by the Ministry of Land and Resources on September 30, 2007, even if the commencement of the land development is in compliance with the land grant contract, the land will be treated as idle land and the property developer may be restricted or prevented from participating in future bidding for land if (i) the developed GFA on the land is less than one-third of the total GFA of the project under the land grant contract or the total capital invested is less than one-fourth of the total estimated investment of the project under the land grant contract and (ii) there has been a suspension of the development of the land for over one year in time without government approval. This notice also calls for control over supply of large land parcels and states that the development period for an individual parcel of land in principle should not exceed three years. We cannot assure you that circumstances leading to forfeiture of land or delays in the commencement of construction or the development of our properties, or the completion of a property development will not arise in the future. If we are required to forfeit land, to pay idle land fees, or even to pay appreciation land premium, we will not be able to continue our property development on the forfeited land or recover the costs incurred for the initial acquisition of the forfeited land or recover development and other costs incurred up to the date of forfeiture, and our business, financial condition and results of operations may be adversely affected.

Our sales and pre-sales will be affected if mortgage financing becomes more costly or otherwise unavailable

Many purchasers of our residential properties rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing. An increase in minimum down payment requirements for mortgage financing may reduce the attractiveness of mortgages as a source of financing for property purchases. Either of those measures or the suspension of mortgage financing may adversely impact the affordability of residential properties, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Since 2003, the PRC government has promulgated a range of laws, regulations and government policies regarding mortgage financing as a means to regulate the PRC property market. While the intent of these has generally been to reduce perceived speculation in the property market, during the recent global financial crisis the PRC government implemented a number of measures designed to stimulate the economy, including lowering the down payment requirements for purchasing residential properties and PBOC benchmark bank lending rates. However, since the fourth quarter of 2009, the PRC government has again enacted policies intended to restrain property purchases for investment or speculation purposes and to keep property prices from rising too quickly. Measures currently in place include:

- requiring a minimum down payment of at least 30% of the purchase price for the acquisition of the purchaser's first residential property (including his or her spouse and minor children) using housing reserves (住房公積金) to buy an ordinary home with a unit floor area of more than 90 sq.m. for self-use;

- requiring a minimum down payment of at least 20% of the purchase price for the acquisition of the purchaser's first residential property (including his or her spouse and minor children) using housing reserves to buy an ordinary home with a unit floor area of not more than 90 sq.m. for self-use;
- requiring a minimum down payment of at least 60% of the total purchase price with a minimum mortgage lending interest rate of 110% of the benchmark rate published by PBOC for the purchase of a second residential property through mortgage financing;
- requiring commercial banks to suspend mortgage loans to customers for purchase of a third or further residential property, or to non-residents who cannot provide proof of local tax or social security insurance payments for more than a one-year period;
- limiting the availability of second housing reserve loans to families whose per capita living area is below the average in their locality and requiring that such loans be used only to purchase an ordinary home for self-use in order to improve their living conditions; and
- suspending the availability of housing reserve loans where the purchase is for a third (or further) residential property.

For commercial property buyers, PRC banks are not allowed to finance the purchase of any pre-sold properties. The minimum down-payment for commercial property buyers has been increased to 50% of the purchase price, with minimum mortgage loan interest rates at 110% of the relevant PBOC benchmark one-year bank lending interest rate and maximum maturities of no more than 10 years. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the individual borrower's monthly income or if the total debt service of the individual borrower would exceed 55% of such individual's monthly income.

For more information on the regulations adopted by the PRC government related to property financing, including dates of promulgation and authorizing governmental entities, see "Regulation—Legal supervision relating to property sector in the PRC—Property financing."

We cannot assure you that the PRC government will not further increase down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. Nor can we assure you that such regulatory changes would not adversely affect our business, financial condition and results of operations.

We may not be able to successfully manage our growth

We have been rapidly expanding our operations in recent years. As we continue to grow, we must continue to improve our managerial, technical and operational knowledge and allocation of resources, and to implement an effective management information system. In addition, we plan to continue upgrading our accounting system. To effectively manage our expanded operations, especially projects outside Guangdong Province, we need to recruit and strengthen internal training for managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy our development needs. As of December 31, 2008, 2009 and 2010 we had approximately 29,068, 29,514 and 32,943 full-time employees respectively. In order to fund our ongoing operations and future growth, we need to have sufficient internal sources of liquidity or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. We will need to further strengthen our internal control and compliance functions to ensure that we are able to comply with our legal and contractual obligations and reduce our operational and compliance risks. We cannot assure you that we will not experience issues such as capital constraints, construction delays, operational difficulties at new operational locations or difficulties in expanding existing business and operations and training an increasing number of personnel to manage and operate the expanded business or that our properties will be well received by the residents of the new markets. We also cannot assure you that our expansion plans will not adversely affect our existing operations and thereby have a material adverse effect on our business, financial condition, results of operations and future prospects.

The Asian Games Project may not be successful

We expect to develop the Asian Games Project through the Asian Games JV, in which we hold a minority equity interest. To date, we believe the relationship between us and the other joint venture partners has been cooperative. Should the current cooperative relationship change, we may be unable to exercise our expected rights in respect of the Asian Games Project (including its strategies and operations). A deteriorating or adverse relationship with the other joint venture partners could have a material adverse effect on our business, financial condition, results of operations and prospects.

The Asian Games Project is at its preliminary phase and we cannot assure you that the project will be developed on schedule or within budget due to a number of factors, including:

- delays in obtaining necessary licenses, permits or approvals from governmental authorities;
- disagreements or delays in agreements between the joint venture partners in particular in respect of timetable, development plans, management and project execution and other corporate matters;
- delays in obtaining, or inability to obtain, necessary financing or on acceptable terms or at all, which may or may not be due to factors that are beyond our control, such as general economic conditions, relating to the property sector;
- credit availability from financial institutions, as well as monetary policies in China and PRC regulations; and
- construction difficulties, including shortages of equipment or materials, work stoppages, weather interference, unforeseen engineering, design, environmental and geological problems, delays in receiving requisite licenses or permits or unanticipated cost increases.

We cannot assure you that we will not experience such delays or difficulties in respect of the Asian Games Project in the future.

We have made significant capital contributions to the Asian Games Project that may not be offset by revenues or other benefits from the project. We have provided credit support (including guarantees) and may in the future be required to provide further credit support (such as guarantees) to financing obtained by the Asian Games JV. Further, even assuming the project is developed as planned, we cannot assure you that properties in this project will be well-received by the market. If the Asian Games JV experiences any delay or difficulty in the development of the project due to any of the factors listed above or if the project is not well-received by the market, there could be a material adverse effect on our business, financial condition, results of operations and prospects.

The recent global economic slowdown and financial crisis have negatively impacted, and may continue to negatively impact, our business

The recent global economic slowdown and turmoil in the global financial markets beginning in the second half of 2008 had a negative impact on the PRC economy, which in turn affected the PRC property market. For example, the slowdown in economic growth and tightened credit resulted in a lower demand for residential and commercial properties and declining property prices;

In light of the slowdown in the PRC property market, we scaled back some of our expansion plans and postponed or extended the development schedules of some of our projects in 2008. Although conditions in the PRC property market have improved significantly, we cannot assure you that the property market will continue to recover.

We may not be successful in expanding into each new city that we target or in developing each new business segment that we explore

Since 2006, we have gradually expanded our operations into six provinces, two autonomous regions and two provincial level municipalities beyond Guangdong Province. When opportunities arise, we expect to continue to expand our operations both within and outside Guangdong Province. These new markets may differ from our existing markets in terms of economic development level, topography, culture, regulatory practices, level of familiarity with contractors and business practices and customs, and customer tastes, behavior and preferences. In addition, when we enter into new markets, we will likely compete with developers who have an established local presence, are more familiar with local regulatory and business practices and have stronger relationships with local contractors, all of which may give them a competitive advantage over us. We cannot assure you that we will be able to enter into or operate in new markets successfully.

Further, our plans include projects that differ significantly from our past and current projects in terms of targeted customers and business segments. Our primary experience to date has been in developing high quality residential properties for sale, construction and decoration of those properties, management of residential developments, and hotel operation. We have plans to expand into the business of developing office buildings in other areas in the PRC for our own use or for leasing to other companies. This is a relatively new business for us, and we cannot assure you that we will be successful in expanding into this area. We may not realize any revenue from this business, and even if revenue is realized, we cannot assure you that market demand for office space will be sufficient to provide us with an adequate return on our investment.

Our expansion and the need to integrate operations arising from our expansion, particularly into other fast growing cities in the PRC, may place a significant strain on our managerial, operational and financial resources and further contribute to an increase in our financing requirements.

The PRC government has implemented restrictions on the payment terms for land use rights

On September 28, 2007, the Ministry of Land and Resources issued revised Rules on the Grant of State-owned Land Use Rights through Public Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定), which provide that property developers must fully pay the land premium for the entire parcel under the land grant contract before they can receive a land use rights certificate and commence development on the land. This regulation became effective on November 1, 2007. As a result, property developers are no longer allowed to bid for a large piece of land, make partial payment, and then apply for a land use rights certificate for the corresponding portion of land in order to commence development, as had previously been the practice in many Chinese cities. On November 18, 2009, the Ministry of Finance, the Ministry of Land and Resources, PBOC, the PRC Ministry of Supervision and the PRC National Audit Office issued the "Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant" (關於進一步加强土地出讓收支管理的通知), which raised the minimum down payment to 50% of the total land premium and required the land premium to be fully paid within one year of signing a land grant contract, subject to limited exceptions. On March 8, 2010, the Ministry of Land and Resources issued the Circular on Strengthening Real Estate Land Supply and Supervision (關於加强房地產用地供應和監管有關問題的通知), under which the minimum price for a given land transfer is required to be at least 70% of the benchmark price for land in the surrounding locality and the bidding deposit for such land transfer is required to be at least 20% of the applicable minimum transfer price. Property developers are also required to pay 50% of the land premium (taking into account any deposits previously paid) as a down payment within one month of signing a land grant contract and to pay the balance within one year of the contract date. The implementation of these regulations may increase land transfer prices and require property developers to maintain a higher level of working capital. We cannot assure you that we will be able to acquire land suitable for development at reasonable cost or that our cash flow position, financial condition or business plans will not be materially and adversely affected by the implementation of these regulations.

We may not be able to obtain land use rights certificates with respect to certain parcels of land in which we currently have interests

We have entered into land grant contracts or land grant confirmation letters to acquire certain parcels of land for which we have not yet obtained land use rights certificates. As of December 31, 2010, these parcels of land occupied an aggregate site area of approximately 10,052,278 sq.m. with an aggregate expected GFA of approximately 10,343,721 sq.m. for future development. In addition, excepting a parcel of land with a site area of approximately 407,497 sq.m. for which a land use right certificate has been issued, the Asian Games JV has not obtained land use rights certificates for the Asian Games Project. If we fail to obtain land use rights certificates for these parcels of land in a timely manner, or at all, we may not be able to acquire new land in replacement on terms acceptable to us, or at all. This would have a material adverse effect on our business, financial condition, results of operations and business prospects going forward. See "Business—Description of our property projects."

Our business and results of operations may be adversely affected if we fail to obtain, or there are material delays in obtaining, the requisite governmental approvals

The property industry in the PRC is heavily regulated by the PRC government. To establish a property development subsidiary in China, we must go through various PRC governmental approval and filing procedures and obtain the requisite approvals and licenses for our investment in such subsidiary and its property development and related business operations. Our property development subsidiaries must comply with a variety of legal and regulatory requirements, as well as the policies and procedures established by local authorities to implement such laws and regulations. To undertake and complete a property development, a property developer must obtain permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of the property development, including land use rights documents, planning permits, construction permits, pre-sale permits and certificates or confirmations of completion and acceptance. Each approval is dependent on the satisfaction of a set of conditions.

We have commenced construction on one parcel of land with a total site area of approximately 832,213 sq.m. for phase II of Country Garden-Hill Lake City, for which we have entered into the land grant contract and paid in full the land premium, but have not obtained the relevant land use right certificate. In addition, we have not received the project approvals for phase II of Country Garden-Grand Garden with a site area of approximately 30,052 sq.m. and a portion of Jun'an Country Garden with a site area of approximately 41,873 sq.m. Failure to obtain, or material delays in obtaining the requisite governmental approvals for these projects could give rise to potential liabilities and substantially disrupt the development and sale of our developments, which would result in a material adverse effect on our business, results of operations and financial condition.

From time to time we establish new subsidiaries or increase the registered capital of our existing subsidiaries according to our business development plan. Our capital contributions to the registered capital of 16 of our subsidiaries are currently overdue. Twelve of these 16 companies are in the process of applying for an extension to make such capital contributions, and the remaining four of these companies are in the process of applying for approval to be consolidated with another of our subsidiaries. We cannot assure you that we will be able to obtain the extension approvals in a timely manner or at all. If we are unable to obtain the extension approvals in time, the government may order us to decrease the registered capital of the relevant companies or subject us to fines, which in turn could adversely affect our business, financial condition and results of operations.

We currently provide shuttle services to the residents of our properties through our subsidiary, Guangzhou Country Garden Shuttle Bus Services Co., Ltd. ("Country Garden Shuttle Bus"). Country Garden Shuttle Bus is required to obtain approval from the Department of Foreign Trade and Economic Cooperation of Guangdong Province. Country Garden Shuttle Bus, however, has not received such approval. If we fail to obtain such approval, we may be subject to a fine which may be substantial, required to dissolve this subsidiary and would need to find a third-party transportation services provider, which may cause temporary disruption to our shuttle bus services or increase our operating costs.

We cannot assure you that we will not encounter significant problems in satisfying the conditions to the approvals necessary for our business operations, or that we will be able to adapt ourselves to new laws, regulations or policies that may come into effect from time to time and to which we are subject or the particular processes related to the granting of the approvals. There may also be delays on the part of the administrative bodies in reviewing our applications and granting approvals. If we fail to obtain, or experience material delays in obtaining, the requisite governmental approvals, licenses and filings, our investment in our PRC subsidiaries and the schedule of development and sale of our developments could be substantially disrupted, resulting in a material adverse effect on our business, financial condition and results of operations.

Our profit margin is sensitive to fluctuations in the cost of construction materials

Construction costs are one of the predominant components of our cost of sales. Construction costs encompass all costs for the design and construction of a project, including payments to third-party contractors, costs of construction materials, foundation and substructure, fittings, facilities for utilities and related infrastructure such as roads and pipelines. Historically, material costs have been the principal driver of the construction costs of our property development projects, with the cost of third-party contractors remaining relatively stable. However, as most of the material costs are often included in the construction costs paid to our contractors, it has been difficult for us to estimate such costs.

Construction costs may fluctuate as a result of the volatile price movement of construction materials such as steel and cement. We seek to reduce our exposure to short-term price fluctuations of construction materials and limit project cost overruns by centralizing our procurement to lower our purchase costs. We also manage the cost of outsourced construction work through a process of tenders which, among other things, takes into account procurement of principal construction materials such as steel and cement at fixed prices. In line with industry practice, if there is a significant price fluctuation (depending on the specific terms of each contract), we will be required to re-negotiate, top up or refund, depending on the price movement, existing construction contracts. Additionally, should our existing contractors fail to perform under their contracts, we might be required to pay more to contractors under replacement contracts. Our profit margin is sensitive to changes in market prices for construction materials and our project margins will be adversely affected if we are not able to pass all of the increased costs onto our customers.

We are subject to legal and business risks if we fail to obtain or maintain qualification certificates

Property developers in the PRC must obtain a formal qualification certificate (資質證書) in order to develop property in the PRC. According to the Provisions on Administration of Qualification of Real Estate Developers (房地產開發企業資質管理規定), newly established developers must first apply for a temporary qualification certificate (暫定資質證書), which can be renewed for a maximum of two additional one-year periods, by which time a formal qualification certificate must have been issued. Before commencing their business operations, entities engaged in property management, construction, or fitting and decoration are required to obtain qualification certifications in accordance with the Measures on Administration of Qualification of Property Management Enterprises (物業管理企業資質管理辦法) and the Provisions on Administration of Qualification of Construction Enterprises (建築業企業資質管理規定). Property developers in the PRC are required to produce a valid qualification certificate when they apply for a pre-sale permit. If the newly established property developer fails to commence a property development project within the one-year period when the provisional qualification certificate is in effect, it will not be allowed to extend its provisional qualification certificate. Experienced property developers must also apply for renewal of their qualification certificates every two to three years in most cities, subject to an annual verification by relevant governmental authorities. It is mandatory under government regulations that developers fulfill all statutory requirements before obtaining or renewing their qualification certificates.

All qualification certificates for property developers are subject to renewal on an annual basis. In reviewing an application to renew a qualification certificate, the local authority takes into account the property developer's registered capital, property development investments, history of property development and quality of property construction, as well as the expertise of the developer's management and whether the developer has any illegal or improper operations.

Each of our project companies, with the assistance of our group office, is responsible for the annual submission of its renewal application. If any one of our project companies is unable to meet the relevant qualification requirements, the local authorities will normally grant that project company, subject to a penalty of between RMB50,000 and RMB100,000, a grace period to rectify any insufficiency or non-compliance. Failure to satisfy the requirements within the specified time frame could result in rejection of the renewal application and revocation of the business license of the project company. As of the date hereof, each of our project companies has obtained a valid qualification certificate except for 11 project companies, which are in the process of applying for issuance, extension or alteration of the qualification certificates.

In addition, we have other non-property development related subsidiaries which also require qualification certificates to engage in their relevant operations. As of the date hereof, these subsidiaries have obtained or are in the process of applying for such qualification certificates.

We cannot assure you that the qualification certificates of all of our existing project companies will continue to be renewed or extended or that formal qualification certificates for new project companies and our other non-property development related subsidiaries will be obtained in a timely manner, or at all. If our project companies or our other non-property development related subsidiaries are unable to obtain or renew their qualification certificates, as applicable, they will not be permitted to engage in or continue their businesses, which could have a material adverse effect on our business and financial condition.

We face significant property development risks before we realize any benefits from a development

Property developments typically require substantial capital outlays during the construction periods, and it may take months or years before positive cash flows, if any, can be generated by pre-sales or sales. The time and costs required to complete a property development may increase substantially due to many factors beyond our control, including the shortage or increased cost of material, equipment, technical skills and labor, adverse weather conditions, natural disasters, labor disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. Any of these factors, individually or in the aggregate, may lead to a delay in completing, or failure to complete a property development and result in costs substantially exceeding those originally budgeted. Failure to complete a property development according to its original plan, if at all, may have an adverse effect on our reputation and could give rise to potential liabilities. As a result, our returns on investments, if any, might not be timely recognized or might be lower than originally expected.

We face risks relating to fluctuations of results of operations from period to period

Our results of operations tend to fluctuate from period to period. The number of properties that we can develop or complete during any particular period is limited due to the substantial capital required for land acquisition, demolition and resettlement and construction, as well as limited land supplies and lengthy development periods before positive cash flows may be generated. In addition, in recent years, we have begun to develop larger-scale property developments and, as a result, we develop properties in multiple phases over the course of several years. Typically, as the overall development moves closer to completion, the sales prices of the properties in such larger-scale property developments tend to increase because a more established residential community is offered to purchasers. In addition, seasonal variations have caused fluctuations in our revenues and profits from quarter to quarter. For example, our revenue and profits, recognized upon the delivery of properties, are often lower in the first half of a year than in the second half, and we will continue to experience significant fluctuations in revenue and profits on an interim basis. As a result, our results of operations fluctuate and our interim results do not proportionally reflect our annual results.

We rely on independent contractors

We expect that as our business grows in terms of the number of projects and geographical coverage, we will engage independent contractors to provide various services, including design, construction and installation, engineering, construction supervision, fitting and decoration, most of which have been provided primarily by our own subsidiaries to date. Historically, a majority of our construction work in Guangdong Province was undertaken by Guangdong Giant Leap Construction Co. Ltd ("Giant Leap Construction Co."), our wholly-owned subsidiary. As we have expanded to regions outside Guangdong Province, we have outsourced more construction work which in turn has increased our reliance on independent contractors. While we may consider acquiring or setting up local construction companies in our major markets outside Guangdong Province, we expect that a substantial portion of our construction work outside Guangdong Province will continue to be undertaken by independent contractors. We cannot assure you of the availability of qualified independent contractors in the market at the time of our intended outsourcing, nor can we assure you that the services rendered by our independent contractors will always be satisfactory or meet our quality requirements. In the past, there have been instances where the independent contractors' performance was less than satisfactory, which in turn caused some quality issues and disputes between us and our customers. While we endeavor to monitor the quality of our independent contractors' work, we cannot assure you that such issues will not arise in the future or that our business, results of operation, financial condition and reputation will not be materially and adversely affected as a result. Moreover, the completion of our property developments may be delayed, and we may incur additional costs, due to a contractor's financial or other difficulties. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

We face contractual and legal risks relating to the pre-sale of properties, including the risk that property developments may not be completed and the risk that changes in laws and regulations in relation to the pre-sales of properties may adversely affect our business, cash flow, financial condition and results of operations

We face contractual risks relating to the pre-sales of properties. For example, if we fail to meet the completion deadlines stated in pre-sale contracts, purchasers of pre-sold units have the contractual right to claim damages. If we still fail to deliver the properties to the purchasers within the grace period stipulated in the contract, the purchasers have the right of termination. If the actual GFA of a completed property delivered to purchasers deviates by more than 3% from the GFA originally stated in the pre-sale contracts, purchasers have the right of termination or the right to claim damages.

Proceeds from the pre-sales of our properties are an important source of funds for our property developments and have an impact on our liquidity position. On August 5, 2005, PBOC recommended in the "2004 Real Estate Financing Report" that the practice of pre-selling uncompleted properties be discontinued, on the grounds that it creates significant market risks and generates transactional irregularities. At the "two meetings" (the plenary session of the National People's Congress and that of the Chinese People's Political Consultative Conference) held in March 2006, a total of 33 delegates to the National People Congress, including Bai Hexiang, head of the Nanning Central Sub-Branch of PBOC put forward a motion to abolish the system for sale of forward delivery housing. In May 2006, Cheng Jiansheng, head of the Real Estate Finance Division of the Financial Market Department of PBOC, published an article pointing out that the way to perfect the system for pre-sale of commodity properties (商品房) of China is to abolish the financing function of presale. On July 24, 2007, an economy research group under the National Development and Reforming Commission ("NDRC") proposed to change the existing system for sale of forward delivery housing into one for sale of completed housing. These recommendations have not been adopted by any PRC governmental authority and have no mandatory effect. On April 13, 2010, the Ministry of Housing and Urban-Rural Development of PRC (the "MOHURD") issued the Notice on Further Strengthening the Supervision of Real Estate Market and Improving the Pre-Sale System of Commodity Housing (關於進一步加強房地產市場監管 完善商品住房預售制度有關問題的通知). The notice urges local governments to enact regulations on sale of completed commodity properties in light of local conditions, and encourages property developers to sell completed commodity properties. No local government has promulgated any such regulation for sale of completed commodity properties yet. We cannot assure you that PRC government authorities will not ban the practice of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of our properties are an important source of financing for our property developments. Consequently, any restrictions on our ability to pre-sell our properties, including any increase in the amount of up-front expenditure we must incur prior to obtaining a pre-sale permit, would extend the time period required for recovery of our capital outlay and would result in our needing to seek alternative means to finance the various stages of our property developments. This, in turn, could have a material and adverse effect on our business, cash flow, financial condition and results of operations.

Resettlement negotiations may add costs or cause delays to our development projects

Under PRC laws and regulations, where we are responsible for the demolition of existing properties on a site for development and removal of existing residents, we are required to pay resettlement costs to those residents. Even if we are not responsible for the demolition and removal, if the party responsible for the demolition and removal and the party subject to the demolition and removal fail to reach an agreement for compensation and resettlement, either of them may apply for a ruling from the relevant governmental authorities. If a party is not satisfied with the ruling, it may initiate proceedings in a PRC court within three months from the date of service of such ruling, which may cause delays to the development of projects. Such proceedings and delays, if they occur, could adversely affect our reputation. In addition, any such delays to our development projects will lead to an increase in the cost and a delay in the expected cash inflow resulting from pre-sales of the relevant project and the recognition of sales as revenue upon completion, which may in turn adversely affect our business, financial position and results of operations.

We may not receive full compensation for assistance we provide to local governments to clear land for government land sales

In certain cases where we are interested in acquiring land, we assist local governments in clearing the land and relocating the original residents so that the land is ready for tender, auction and listing-for-sale. In such cases, we enter into land clearance agreements with the relevant land authorities, pursuant to which the relevant authorities are responsible for land planning, resident relocation and constructing municipal supporting facilities and we are responsible for providing funding for the land clearance and relocation and offering management services. After the land clearance is complete and the land is otherwise suitable for public land sale, the relevant land authority will organize a sale through a public tender, auction or listing-for-sale process. Under the land clearance agreements, we are reimbursed for expenses we incur for land clearance and relocation and we are entitled to a portion of the profit realized by the local government on the land sale. According to the land clearance agreements, we have exclusive rights to clear the land, but do not have the exclusive right to acquire the land. We do not control the timing of the sale of the land use rights in the land that we have cleared, nor do we set the price for which such land use rights are sold. Sales of the land use rights are conducted by the relevant local government land authorities, through a bidding, auction or listing-for-sale process and we are required to participate in such process if we want to acquire the land. We cannot assure you that we will win the bid in a timely manner or at all; nor can we assure you that the relevant land authority will achieve an optimal price for the sale of such land use rights. We cannot assure you that we will be reimbursed for the expenses that we incur in connection with such land clearance, nor can we assure you that we will receive any profit from such land use rights sales. In addition, we cannot assure you that the PRC government will not issue new laws or regulations which may revoke the reimbursement, profit allocation or other arrangements in the land clearance agreements that we have entered into with the local governments and, as a result, we may not be able to receive compensation for expenses we incurred in connection with the land clearance and allocation work. Further, the PRC State Council on January 3, 2008 issued the Notice to Enhance the Economical and Intensive Use of Land (關於促進節約集約用地的通知), which requires the use of a public bidding process in selecting companies to assist the local governments with land clearance work. This requirement may limit our ability to participate in such land clearance work in the future.

We guarantee the mortgages provided to our purchasers and, consequently, we are liable to the mortgagee banks if our purchasers default on their mortgage payments

We arrange for various banks to provide mortgage services to the purchasers of our properties. In accordance with market practice, domestic banks require us to provide guarantees in respect of these mortgages. The majority of these guarantees are guarantees which are released upon the earlier of the issuance of the individual property ownership certificate (房產所有權證) to the owner of the property or the certificate of other rights of property (房地產他項權證) to the mortgage bank by the relevant housing administration department, which generally takes place within three months after we deliver the relevant property to the purchasers, or the full settlement of the mortgaged loans by the purchasers. Prior to 2003, we also provided guarantees for the mortgage loans of some of our customers which are discharged two years from the day the mortgage loans become due. In line with industry practice, we do not conduct independent credit checks on our customers but rely instead on the credit checks conducted by the mortgage banks. For further information on our outstanding guarantees for the mortgage loans of our customers, see note 33 to our consolidated financial statements for the year ended December 31, 2008, note 35 to our consolidated financial statements for the year ended December 31, 2009 and note 35 to our consolidated financial statements for the year ended 2010.

Although we have historically experienced a low rate of default on the mortgage loans we guarantee, there is no assurance that the default rate will not increase in the future. If such an increase occurs and our guarantees are called upon, our business, financial condition and results of operations could be adversely affected.

Disputes with joint venture partners may adversely affect our business

We have, and expect to have in the future, interests in PRC joint venture entities in connection with our property development plans, including the Asian Games JV and other joint venture entities described herein. In certain circumstances, our existing joint venture entities have relied on our financial support, and we expect they will continue to do so. In addition, in accordance with PRC law, certain matters relating to joint ventures require the consent of all parties to the joint venture. PRC joint ventures may involve risks associated with the possibility that our joint venture partners may:

- have economic or business interests or goals inconsistent with ours;
- take actions contrary to our instructions, requests or our policies or objectives;
- be unable or unwilling to fulfill their obligations under the relevant joint venture agreements;
- have financial difficulties; or
- have disputes with us as to the scope of their responsibilities and obligations.

We cannot assure you that we will not encounter problems with respect to our joint venture partners which may have an adverse effect on our business operations, profitability and prospects.

Any unauthorized use of our brand may adversely affect our business, and our trademark licensees may conduct their business in a way that is detrimental to our brand image

Our brand receives high recognition in China. Any unauthorized use of our brand may have a negative impact on our brand image and adversely affect our business. In addition, we have granted a non-exclusive license to certain related parties to use our brand. We do not have control over the conduct of these licensees or other companies which may use our brand without our authorization. As a result, our business and reputation could be adversely affected due to any unauthorized use of our brand.

We do not have insurance to cover potential losses and claims in our operations

We do not maintain insurance for the destruction of, or other damage to, our properties under construction. We carry property management liability insurance in connection with our property management business and accident insurance (i.e. employer's liability insurance) for our construction workers; however, we do not maintain insurance against other personal injuries or property damage that may occur during the construction of our properties. We also do not carry insurance coverage for the non-performance of contracts during construction and other risks associated with construction and installation work during the construction period.

Moreover, there are certain contingent liabilities for which insurance is not available on commercially practicable terms, such as losses caused by earthquake, typhoon, flooding, war and civil disorder.

We may not have sufficient funds to offset any such losses, damages or liabilities or to replace any property development that has been destroyed in the course of our operations and property development. In addition, any payments we make to cover losses, damages or liabilities could have a material adverse effect on our business, financial condition and results of operations.

We may be involved in legal and other disputes arising out of our operations from time to time and may face significant liabilities as a result

We may be involved in disputes with various parties involved in the development and the sale of our properties, including contractors, suppliers, construction workers, partners and purchasers. We may also be involved in disputes with various parties relating to our property management business including personal injury claims. These disputes may lead to legal or other proceedings, may result in substantial costs and diversion of resources and management's attention and may have a material adverse effect on our reputation and our ability to market and sell our properties. We have in the past been involved in disputes with our customers with respect to quality of our properties and time of delivery. In addition, most of our projects consist of multiple phases, and purchasers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of the projects are perceived to be inconsistent with representations and warranties we made to them. Further, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in pecuniary liabilities and cause delays to our property developments. Although we have not been involved in legal or other disputes that have had a material adverse effect on our business, financial condition or results of operations, we cannot assure you that any disputes with parties involved in the development and sale of our properties in the future would not have a material adverse effect on our business, financial condition and results of operations or have a negative impact on our reputation or the "Country Garden" brand.

We are exposed to construction disputes and litigation

Giant Leap Construction Co., undertakes construction work for a substantial portion of our projects, as well as one project developed by a related party and a few third-party projects. Giant Leap Construction Co. may be subject to legal claims and proceedings instituted by our customers, subcontractors, workers and other parties involved in the projects undertaken by us from time to time. Such claims and proceedings include claims for compensation for late delivery of construction works and delivery of substandard works and claims in respect of personal injuries and labor compensation in relation to construction works.

We are not engaged in any litigation or arbitration of material importance and we are not aware of any material litigation or claim pending or threatened by or against us. However, we cannot assure you that we will not be engaged in any litigation or arbitration of material importance in the future. Although we have purchased insurance policies to cover potential litigation or arbitration claims, such claims may fall outside the scope or limit of our insurance coverage and our financial condition and results of operations may be adversely affected.

We may be liable to our customers for damages if we do not apply for individual property ownership certificates on behalf of our customers in a timely manner

Property developers in the PRC are typically required to deliver to purchasers the relevant individual property ownership certificates within 90 days of delivering the properties unless otherwise specified in the relevant sale and purchase agreement. Property developers, including us, generally elect to specify the deadline to apply for the individual property ownership certificates upon the provision of the necessary documents by the customers to allow sufficient time for the relevant application processes.

Under current regulations, we are required to submit the requisite governmental approvals in connection with our property developments, including land use rights documents and planning and construction permits, to the local bureau of land resources and housing administration within three months of receiving the completion and acceptance certificate for the relevant properties and apply for the general property ownership certificate for these properties. We are then required to submit, within a stipulated period after delivery of the properties, the relevant property sale and purchase agreements, identification documents for the purchasers and proof of payment of deed tax, together with the general property ownership certificate, for the bureau's review and the issuance of the individual property ownership certificates.

No material claim has been brought against us by any purchasers for late application for individual property ownership certificates on behalf of our customers in the years ended December 31, 2008, 2009 and 2010. However, we cannot assure you that we will not become liable to purchasers in the future for late application for individual property ownership certificates on behalf of our customers due to our own fault or reasons beyond our control.

Our branding and marketing strategy as well as our financial condition could be adversely affected if owners of the projects that we have developed elect to stop using us to provide property management services

Through our wholly-owned property management subsidiary, Guangdong Management Co., we provide property management services to the owners and users of each project that we have developed. These services include rental agency, security management, maintenance, clubhouse operations, gardening and landscaping and other customer services. We believe that property management is an integral part of our business and is very important to the successful marketing and promotion of our property developments. Under PRC law, owners may engage or dismiss a property management company with the consent of more than half of the owners who in the aggregate hold more than 50% of the total non-communal area of the building. If owners of the projects that we have developed elect to stop using us to provide property management services, our branding and marketing strategy as well as our revenue from the property management business would be adversely affected.

Our hotel operations involve uncertainties

Certain residential projects that we have developed or intend to develop include high-end hotel operations.

Our approach to our hotel business is not focused on the profit contribution derived directly from our hotel operations. Rather, we consider our hotel business a value enhancer to our brand recognition in the property market and an integral component of our overall residential project marketing strategy.

Most of our hotels are currently owned and operated by our own hotel companies. Although the managing staff at various levels have the relevant management experience, we could face considerable reputational and financial risks if the hotels are mismanaged. If we are unable to successfully manage our hotel business, it may have a material adverse effect on the results in that segment as well as our overall marketing strategy, financial condition and results of operations.

We have engaged a third-party hotel management partner to manage our Wuhu Country Garden Maritim Hotel and Shenyang Yuhong Country Garden Phoenix Hotel. In addition, we have signed a letter of intent with an international management firm with respect to some of our hotels under development or planning. Our results of operations may be affected by the performance of these hotel management partners, as well as any adverse publicity or other adverse developments relating to these companies or their brands generally. We may also consider engaging other international management companies to manage our hotels. We and the hotel management companies may have disagreements as to how the hotels should be managed or other matters. In general, under the terms of the management agreements, the third-party hotel management partners control the daily operations of the hotels. Thus, even if we believe our hotels are being operated inefficiently or in a manner that does not result in optimal or satisfactory occupancy rates, gross operating profit margins or other performance indicators, we may not be able to require the management partners to change the way they manage our hotels. Such cooperation with hotel management companies may not achieve positive results as anticipated.

There is no assurance that certain current ancillary facilities will continue to provide services to the owners or users of our property developments

The ancillary facilities within our residential communities enhance the value of our properties by improving the overall quality and value of the surrounding areas, thus offering a better living environment to the owners and users of our properties. However, we do not operate or manage some of the ancillary facilities, such as schools and hospitals. We cannot assure you that these facilities will continue to operate and provide services in our residential communities. In the event that these facilities cease to operate in our residential communities, our properties may become less attractive and competitive and this may adversely affect their value.

Any portion of our uncompleted and future property developments that are not in compliance with relevant laws and regulations will be subject to governmental approval and additional payments

The local government authorities inspect property developments after their completion and issue Construction of Properties and Municipal Infrastructure Completed Construction Works Certified Reports (房屋建築工程和市政基礎設施工程竣工驗收備案表) if the developments are in compliance with the relevant laws and regulations. If the total constructed GFA of a property development exceeds the GFA originally authorized in the relevant land grant contracts or construction permit, or if the completed property contains built-up areas that do not conform to the plan authorized by the construction permit, the property developer may be required to pay additional amounts or take corrective actions with respect to such non-compliant GFA before a Construction of Properties and Municipal Infrastructure Completed Construction Works Certified Report can be issued to the property development.

We cannot assure you that local government authorities will not find that the total constructed GFA of our existing projects under development or any future property development exceeds the relevant authorized GFA upon completion. Moreover, we cannot assure you that we would have sufficient funding to pay any required additional land premium or to pay for any corrective action that may be required in a timely manner, or at all. Any of these circumstances may materially and adversely affect our reputation, our business, results of operations and financial condition.

The relevant PRC tax authorities may challenge the basis on which we calculate our LAT obligations

Under PRC tax laws and regulations, our PRC subsidiaries are subject to LAT, which is collected by local tax authorities. All income from the sale or transfer of land use rights relating to state-owned land, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation in value as defined by the relevant tax laws. Certain exemptions are available for the sale of ordinary standard residential houses (普通標準住宅) if the appreciation value does not exceed 20% of the total deductible items as defined in the relevant tax laws. Sales of commercial properties are not eligible for the exemption. We estimate and make provision for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations, but we only pay a portion of such provision each year as is required by the local tax authorities. For each of the three years ended December 31, 2008, 2009 and 2010 our LAT expense was RMB875.9 million, RMB275.4 million and RMB873.4 million (US$132.3 million), respectively. As of December 31, 2010, our LAT provision balance was RMB1,595.7 million (US$241.8 million). Although we believe we have made sufficient LAT provisions, we cannot assure you that the tax authorities will agree with the basis on which we calculate our LAT obligations. In the event that they believe a higher LAT should be paid, our net profits after tax will be adversely affected.

Further, on December 28, 2006, the State Administration of Taxation issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (關於房地產開發企業土地增值税清算管理有關問題的通知), which requires that:

- final settlement of LAT will be conducted on a project-by-project basis. For multi-phase projects, each phase will be required to undergo LAT clearance and settlement process;
- the appreciated value of ordinary residential properties and non-ordinary residential properties contained within a project shall be calculated separately; and
- property developers must conduct final settlement if one of the following conditions is satisfied:
    - the project is completed and has been sold entirely;
    - the project is transferred as a whole before the completion of the construction; or
    - only land-use rights are transferred.

This notice also stipulates that the PRC tax authorities may require the property developer to conduct final LAT settlement if any of the following conditions is met:

- for completed projects, the area sold exceeds 85% of the total saleable area or, though less than 85%, the rest of the saleable area has already been rented or is being self-used;

- the project has held a sale/pre-sale license for at least three years but has not been sold entirely;
- the taxpayer has applied for tax de-registration but the LAT settlement has not been conducted; or
- other situations set forth by the provincial PRC tax authorities.

On May 19, 2010, the SAT issued the Circular on Issues Concerning Settlement of Land Appreciation Tax (關於土地增值稅清算有關問題的通知) to clarify and strengthen the settlement of the land appreciation tax. Furthermore, on May 25, 2010, the SAT issued the Notice on Strengthening the Collection of Land Appreciation Tax (關於加強土地增值稅征管工作的通知), which requires that the minimum LAT prepayment rate shall be 2% for provinces in the eastern region, 1.5% for provinces in the central and northeastern regions, and 1% for provinces in the western region.

Local provincial tax authorities can formulate their own implementation rules in accordance with the notice and local situation and there are uncertainties how this notice will be enforced. In the event that the implementation rules promulgated in the cities in which our projects are located require us to settle all unpaid LAT, our cash flow may be adversely affected.

Potential liability for environmental problems could result in substantial costs

We are subject to a variety of laws and regulations concerning environmental protection. The particular environmental laws and regulations that apply to any given development site vary greatly according to the site's location and environmental condition, the present and former uses of the site and the nature of the adjoining properties. Requirements under environmental laws and conditions may result in delays to development schedules, may cause us to incur substantial compliance and other costs and may prohibit or severely restrict project development activity in environmentally-sensitive areas.

The PRC environmental regulations provide that each project developed by a property developer must undergo an environmental assessment, and an environmental impact assessment report be submitted to the relevant government authorities for approval before construction is commenced. If we fail to comply with such requirements, the local environmental authority may order us to suspend project construction until an environmental impact assessment report is submitted to and approved by such authority. The local environmental authority may also impose on us a fine of RMB50,000 to RMB100,000 in respect of such project. We currently have two hotel projects under construction for which we have not completed the environmental assessment procedures. Although we are currently working to complete such procedures, we cannot assure you that the relevant environmental authorities will not order us to suspend construction of these projects or will not impose a fine on us. In the event that there is a suspension of construction or imposition of a fine, this may adversely affect our business and financial condition.

In addition, PRC law requires environmental facilities included in property developments to pass inspection by the environmental authorities in order to obtain completion approval before commencing operations. Some of our residential and hotel property projects have environmental facilities that are subject to this requirement. If we fail to comply with this inspection requirement, the local environmental authorities may order us to suspend construction or use of the relevant facilities, which may disrupt our operations and adversely affect our business. Such authorities may also impose on us a fine of RMB50,000 to RMB100,000 in respect of such project.

We are currently applying for the completion approval of environmental facilities, principally related to the treatment of water, for 17 of our residential property projects and two of our hotel projects. We cannot assure you that we will obtain such approvals in a timely manner. In the event that such completion approvals cannot be obtained or if a fine is imposed on us, our business and our financial condition may be adversely affected.

Although the environmental investigations conducted by local environmental authorities to date have not revealed any environmental liability that we believe would have a material adverse effect on our business, financial condition or results of operations, it is possible that these investigations did not reveal all environmental liabilities and that there are material environmental liabilities of which we are unaware. We cannot assure you that a future environmental investigation will not reveal any material environmental liability. Also, we cannot assure you that the PRC government will not change the existing laws and regulations or impose additional or stricter laws or regulations, the compliance with which may cause us to incur significant capital expenditure. In addition, there is no assurance that we would be able to comply with any such laws and regulations. See "Business—Environmental matters" for further details of environmental matters.

The construction business and the property development business are subject to claims under statutorily mandated quality warranties

Under Regulations on the Administration of Quality of Construction Works (建設工程質量管理條例), all property development companies in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. We may sometimes receive quality warranties from third-party contractors we hire to construct our development projects. If a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the retention money retained by us is not sufficient to cover our payment obligations under the quality warranties, we could incur significant expenses in resolving such claims or face delays in correcting the related defects, which could in turn harm our reputation and have a material and adverse effect on our business, financial condition and results of operations.

Our success depends significantly on the continued services of our senior management team and other key personnel

Our future success depends significantly upon the continuing services of the members of our senior management team, in particular our chairman and executive director, Yeung Kwok Keung, and our executive director, Yang Erzhu, who have extensive experience in the property industry in the PRC. Yeung Kwok Keung is responsible for formulating development strategies, making decisions on investment projects and setting the direction of our operations and overall business management. Yang Erzhu specializes in overall project planning, property management, and business management. Our president and executive director, Mo Bin, also has extensive experience in property development and corporate management. If one or more of our senior executives or other personnel are unable or unwilling to continue in their present positions, we may be unable to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be materially adversely affected.

In addition, we depend on the continued service of our executive officers and other skilled managerial and technical personnel, notably including our designers and architects. Competition for senior management and key personnel is intense, and the pool of qualified candidates is very limited. Our business could be adversely affected if we lose the services of our senior executives or key personnel without suitable replacements or if any member of our senior management team or any of our other key personnel joins a competitor or forms a competing business.

Further, as we expect our business to continue to grow, we will need to recruit and train additional qualified personnel. If we fail to attract and retain qualified personnel, our business and prospects may be adversely affected.

The enforcement of the Labor Contract Law and other labor-related regulations in the PRC may adversely affect our business and our results of operations

On June 29, 2007, the National People's Congress of China enacted the Labor Contract Law (勞動合同法), which became effective on January 1, 2008. Compared to the Labor Law (勞動法), the Labor Contract Law establishes more restrictions and increases the cost to employers to terminate employees, including specific provisions related to fixed-term employment contracts, temporary employment, probation, consultation with the labor union and employee general assembly, employment without a contract, dismissal of employees, compensation upon termination and overtime work, and collective bargaining. According to the Labor Contract Law, an employer is obligated to sign an "unlimited term labor contract" (無固定期限勞動合同) with an employee if the employer continues to employ the employee after two consecutive fixed-term labor contracts. The employer also has to pay compensation to employees if the employer terminates an "unlimited term labor contract." Unless an employee refuses to extend an expired labor contract, such compensation is also required when the labor contract expires. Further, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on January 1, 2008, employees who have served more than one year for an employer are entitled to paid vacation ranging from five to 15 days, depending on their length of service. Employees who waive such vacation time at the request of their employers shall be compensated at three times their normal salaries for each waived vacation day. In addition, some PRC local governments, such as the governments of Guangdong Province, Jiangsu Province and Chongqing Municipality, have recently increased their minimum wage requirements. As a result of these new protective labor measures, our labor costs may increase.

The interests of our controlling shareholder may not always align with our interests

Our controlling shareholder, Yang Huiyan, beneficially owned approximately 59.83% of our Company as of December 31, 2010. The interests of our controlling shareholder may differ from our interests or the interests of our creditors. Our controlling shareholder could have significant influence in determining the outcome of any corporate transactions or other matters submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets, the election of directors and other significant corporate actions. Our controlling shareholder also has the power to prevent or cause a change in control. Without the consent of our controlling shareholder, we may be prevented from entering into transactions that could be beneficial to us. In addition, our controlling shareholder also holds interest in companies other than us. We cannot assure you that our controlling shareholder will act entirely in our interest or that any potential conflicts of interest will be resolved in our favor.

Land use rights certificates and building ownership certificates of certain of the properties owned or used by us have not been obtained

We have not obtained building ownership certificates for certain of our properties, including: a bowling alley in Shunde Country Garden, a health center in Shunde Country Garden Hospital and staff quarters in Lirendong. Our PRC legal advisor has advised us that because of the lack of building ownership certificates for these properties, we may be ordered by the relevant PRC government department to (i) remedy the defect and pay a fine which represents more than 2% but less than 4% of the consideration payable under the relevant construction agreement of these properties, (ii) compensate for losses suffered by the users of these properties or (iii) vacate these properties. In the event that any of these penalties is imposed on us, our business may be affected.

In addition, we lease certain land and buildings from third parties who have not obtained the relevant land use rights certificates or the building ownership certificates, as applicable. We use these properties mainly to create additional green space for our property developments or as housing for some of our employees. In the event that the leases with these third parties are invalidated due to defects in the leased properties' title, we will have to return or restore the properties, which may affect the overall appeal of the relevant property developments. We will also have to find substitute housing for employees living in such premises.

We may be treated as a PRC resident enterprise for PRC tax purposes

Under PRC tax laws effective prior to January 1, 2008, dividends, interest and other amounts paid to foreign investors by foreign-invested enterprises, such as amounts paid to us by our operating subsidiaries in China, were exempt from PRC withholding tax. Under the Enterprise Income Tax Law (企業所得稅法)("EIT Law") and the implementation rules which both took effect on January 1, 2008, enterprises established outside the PRC whose "de facto management bodies" are located in China are considered "resident enterprises" for PRC tax purposes. The implementation rules define the term "de facto management body" as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation specified certain criteria for the determination of the "de facto management bodies" for foreign enterprises that are controlled by PRC enterprises. However, there have been no official implementation rules regarding the determination of the "de facto management bodies" for foreign enterprises that are not controlled by PRC enterprises (including companies such as ourselves).

We hold our shareholders' meetings and certain board meetings outside China and keep our shareholders' list outside China. However, most of our directors and senior management are currently based inside China and we keep our books of account inside China. The above elements may be relevant for the tax authorities to determine whether we are PRC resident enterprises for tax purposes. However, there is no clear standard published by the tax authorities for making such a determination.

Although it is unclear under PRC tax law whether we have a "de facto management body" located in China for PRC tax purposes, we take the position that we are not a PRC resident enterprise for tax purposes. We cannot assure you that the tax authorities will agree with our position. If we are deemed to be a PRC resident enterprise for EIT purposes, we would be subject to the PRC enterprise income tax at the rate of 25% on our worldwide income.

PRC regulations relating to investment in offshore special purpose companies by PRC residents may subject our PRC resident shareholders to personal liability, limit our ability to contribute capital into or provide loans to our PRC subsidiary, limit our subsidiaries' ability to increase their registered capital, pay dividends or otherwise distribute profits to us, or otherwise adversely affect us

SAFE has promulgated several regulations, including the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知), or Circular No. 75, issued on October 21, 2005, and its implementation rules, or Circular No. 106, issued in May 2007, which require PRC residents and PRC corporate entities to register with local branches of SAFE in connection with their direct or indirect offshore investment activities.

Under these SAFE regulations, PRC residents who make, or have previously made, direct or indirect investments in offshore companies are required to register those investments with the local branch of SAFE. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local branch of SAFE, to reflect any material change involving that offshore company's round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger, division, long-term equity or debt investment or creation of any security interest, and the PRC subsidiaries of the relevant offshore company are required to urge the PRC resident shareholders to do so. If any PRC shareholder fails to make the required initial SAFE registration or update the previously filed registration, the PRC subsidiaries of that offshore parent company may be prohibited from distributing their profits or the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be prohibited from injecting additional capital into its PRC subsidiaries.

Due to uncertainty concerning the reconciliation of these SAFE rules with other approval or registration requirements, it remains unclear how these rules, and any future legislation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. We attempt to comply, and attempt to ensure that our shareholders who are subject to these rules comply, with the relevant requirements. However, we cannot assure you that all of our shareholders who are PRC residents will comply with our request to make or update any applicable registrations or comply with other requirements of these or other related rules. The failure or inability of our PRC resident shareholders to make any required registrations or comply with other requirements may subject such shareholders to fines and legal sanctions and may also limit our ability to contribute additional capital or provide loans to (including using the proceeds from any equity or debt securities offerings) our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital, pay dividends or otherwise distribute profits to us, or otherwise adversely affect us.

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

The PRC government has in the past imposed restrictions on foreign investment in the property sector to curtail the overheating of the property sector by, among other things, increasing the capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control and imposing restrictions on purchases of properties in China by foreign persons. On May 23, 2007, the Ministry of Commerce ("MOFCOM") and SAFE jointly issued the Notice on Further Strengthening and Regulating the Approval and Supervision on Foreign Investment in Real Estate Sector in the PRC (關於進一步加強規範外商直接投資房地產業審批和監管的通知), which, among other things, provides that:

- foreign investment in the property sector in the PRC relating to high-end properties should be strictly controlled;
- prior to obtaining approval for the establishment of foreign-invested real estate enterprises, either (i) both the land use right certificates and housing title certificates should be obtained, or (ii) contracts for obtaining land use rights or housing titles should be entered into;
- foreign-invested real estate enterprises approved by local authorities shall immediately register with MOFCOM through a filing made by the local authorities; and
- foreign exchange administration authorities and banks authorized to conduct foreign exchange business should not effect foreign exchange settlements of capital account items for those foreign-invested real estate enterprises which have not completed their filings with MOFCOM or fail to pass the annual inspection.

In June 2008, to strengthen regulation of foreign-invested real estate enterprises, MOFCOM issued the "Notice Regarding Completing the Registration of Foreign Investment in the Real Estate Sector" (關於做好外商投資房地產業備案工作的通知). According to this notice, when a foreign-invested real estate enterprise is established or increases its registered capital, the provincial level of MOFCOM is required to verify all filing materials regarding such foreign-invested real estate enterprise and to make a report to the national level of MOFCOM. This notice also requires that each foreign-invested real estate enterprise undertake only one approved property project. Further, on August 29, 2008, SAFE issued the "Circular on the Relevant Operating Issues Concerning Improving the Administration of Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises." Pursuant to this circular, Renminbi funds from the settlement of foreign currency capital of a foreign-invested enterprise must be used within the business scope of the enterprise as approved by the examination and approval department of the government, and cannot be used for domestic equity investment unless it is otherwise provided for in other regulations. As a result, we may not be able to increase the capital contribution to our project companies or equity investees and subsequently convert such capital contribution into Renminbi for equity investment or acquisitions in the PRC. These limitations on the flow of funds between us and our PRC subsidiaries could restrict our ability to act in response to changing market conditions and the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other amounts to us, or to satisfy their foreign currency denominated obligations. In November 2010, MOFCOM promulgated the Notice on Strengthening Administration of the Approval and Registration of Foreign Investment into the Real Estate Industry (關於加強外商投資房地產業審批備案管理的通知), which reiterated these limitations on foreign-invested real estate enterprises.

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

For more information about policies adopted by the PRC government with respect to the PRC property sector, see "Regulation—Legal supervision relating to property sector in the PRC—Foreign-invested real estate enterprises."

PRC regulations relating to acquisitions of PRC companies by foreign entities may limit our ability to acquire PRC companies and adversely affect the implementation of our strategy as well as our business and prospects.

The Provisions on the Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the "M&A Provisions") issued by six PRC ministries, including MOFCOM, effective from September 8, 2006, provide the rules with which foreign investors must comply should they seek to purchase by agreement the equities of the shareholders of a domestic non-foreign-invested enterprise or subscribe to the increased capital of a domestic non-foreign funded enterprise, and thus convert the domestic non-foreign-invested enterprise into a foreign invested enterprise to conduct asset merger and acquisition. It stipulates that the business scope upon acquisition of domestic enterprises must conform to the Foreign Investment Industrial Guidance Catalog (外商投資產業指導目錄, 2007年修訂) issued by NDRC and MOFCOM, which restricts the scope of permitted foreign investment. It also provides the takeover procedures for equity interests in domestic companies.

Our PRC legal advisors have advised us that there are uncertainties as to how the M&A Provisions will be interpreted or implemented. If we decide to acquire a PRC company, we cannot assure you that we or the owners of such PRC company can successfully complete all necessary approval requirements under the M&A Provisions. This may restrict our ability to implement any acquisition strategy and adversely affect our business and prospects.

The PRC government has implemented restrictions on the ability of PRC property developers to obtain offshore financing which could affect our ability to deploy the funds in our business in the PRC

On July 10, 2007, SAFE issued the "Notice Regarding the Publication of the List of the First Batch of Property Development Projects with Foreign Investment That Have Properly Registered with MOFCOM" (國家外匯管理局綜合司關於下發第一批通過商務部備案的外商投資房地產專案名單的通知). The notice stipulates, among other things, (i) that SAFE will no longer process foreign debt registrations or foreign debt applications for the settlement of foreign exchange submitted by real estate enterprises with foreign investment that obtained authorization certificates from and registered with MOFCOM on or after June 1, 2007 and (ii) the that SAFE will no longer process foreign exchange registrations (or any change in such registrations) or applications for settlement and sale of foreign exchange submitted by real estate enterprises with foreign investment that obtained approval certificates from local government commerce departments on or after June 1, 2007 but that did not register with MOFCOM. This regulation effectively prohibits us from injecting funds into our PRC project companies by way of shareholder loans.

In addition, equity contributions by us and our non-PRC subsidiaries to our PRC subsidiaries will require approvals from the commerce department of the local government and registration with MOFCOM, which may take considerable time and delay the actual contribution to the PRC subsidiaries. This may adversely affect the financial condition of the PRC subsidiaries and may cause delays to the development undertaken by such PRC subsidiaries. We cannot assure you that we have obtained or will obtain in a timely manner all relevant necessary approval certificates or registration for all our operating subsidiaries in the PRC to comply with this regulation.

Further, we cannot assure you that the PRC government will not introduce new policies that further restrict our ability to deploy in the PRC, or that prevent us from deploying in the PRC, the funds raised outside China. Therefore, we may not be able to use all or any of the capital that we may raise outside China to finance our projects in a timely manner or at all.

Risks relating to the property sector in the PRC

The property industry in the PRC is subject to government regulations and policies, which could have the effect of slowing down the industry's growth

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

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

- suspending or restricting land grants and development approvals for villas and larger-sized units;

- charging an idle land fee for land which has not been developed for one year starting from the commencement date stipulated in the land use rights grant contract and canceling land use rights for land which has not been developed for two years or more;

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year be used for developing low to medium-cost and small to medium-size units and low-cost rental properties;

- requiring that at least 70% of residential projects approved or constructed on or after June 1, 2006, consist of units with floor area of less than 90 sq.m. per unit, and that projects which have received project approvals prior to this date but have not obtained construction permits to adjust their construction plan in order to be in compliance with this new requirement, with the exception of municipalities under direct administration of the PRC central government, provincial capitals and certain cities which may deviate from this ratio under special circumstances upon the approval by the Ministry of Construction (the "70:90 rule");

- tightening availability of bank loans to property developers and property purchasers of developed properties and increasing the reserve requirements for commercial banks;
- imposing or increasing taxes on short-term gains from second-hand property sales; and
- restricting foreign investment in the property sector by, among other things, increasing registered capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control and imposing restrictions on purchases of properties in China by foreign persons.

Regional and local governments are responsible for the implementation of the 70:90 rule. We have not seen this policy being stringently applied across all applicable regions in China. If for any reason, political, economic, social or otherwise, these regional or local governments begin to stringently implement this policy, this may lead to an oversupply of units with floor area of less than 90 sq.m., increasing competition in this market segment and affecting the prices and profit margins of such type of property. This may also affect our existing and future business development plans. As a result, our business, financial condition, results of operations and prospects may be adversely affected.

Beginning in the fourth quarter of 2009, the PRC government enacted policies intended to restrain property purchases for investment or speculation purposes and to keep property prices from rising too quickly. Measures adopted include:

- requiring a minimum down payment of at least 30% of the purchase price for the acquisition of the purchaser's first residential property (including his or her spouse and minor children) using housing reserves to buy an ordinary home with a unit floor area of more than 90 sq.m. for self-use;
- requiring a minimum down payment of at least 20% of the purchase price for the acquisition of the purchaser's first residential property (including his or her spouse and minor children) using housing reserves to buy an ordinary home with a unit floor area of not more than 90 sq.m. for self-use;
- requiring a minimum down payment of at least 60% with a minimum mortgage lending interest rate of 110% of the benchmark rate published by PBOC for the purchase of a second residential property through mortgage financing;
- requiring commercial banks to suspend mortgage loans to customers for purchase of a third or further residential property, or to non-residents who cannot provide proof of local tax or social security insurance payments for more than a one-year period;
- eliminating preferential tax treatment for transfers of residential properties by property owners with respect to certain business taxes and effective from January 28, 2011, business tax is imposed on (i) the full amount of the transfer price upon the transfer of any residential property by an individual owner within five years from such individual owner's purchase and (ii) the difference between the transfer price and the original purchase price upon the transfer of any non-ordinary residential property by an individual owner more than five years from such individual owner's purchase;

- prohibiting all property companies with records of being involved in abuse of land, changing the use of land, postponing the construction commencement or completion date, hoarding properties or other non-compliance from obtaining bank loans for new projects or extension of credit facilities;

- limiting the availability of second housing reserve loans to families whose per capita living area is below the average in their locality and requiring that such loans be used only to purchase an ordinary home for self-use in order to improve their living conditions; and

- restricting purchasers (including their spouses and minor children) in certain targeted cities that are local residents with two or more residential properties, non-local residents with one or more residential properties or non-local residents that are unable to provide documentation certifying payment of local tax or social security for longer than a specified time period, from purchasing any residential properties.

See "Regulation—Legal supervision relating to property sector in the PRC." We cannot assure you that the PRC government will not adopt more stringent industry policies, regulations and measures in the future. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt our business or cause us to incur additional costs, our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, the State Council has recently approved on a trial basis the launch of property tax scheme in selected cities. The detailed measures will be formulated by the governments of the pilot provinces, autonomous regions or municipalities directly under the central government. On January 27, 2011, the governments of Shanghai and Chongqing issued their respective measures for implementing pilot property tax schemes, which became effective on January 28, 2011. Under the measures issued by the Shanghai government, property tax will be imposed on any purchase of a second (or further) residential property by local residents or any purchase of a residential property by non-local residents on or after January 28, 2011, at rates ranging from 0.4% to 0.6% based on 70% of the purchase price of the property. Under the measures issued by the Chongqing government, property tax will be imposed within the nine major districts of Chongqing, on (i) stand-alone residential properties (such as villas) owned by individuals, (ii) high-end residential properties purchased by individuals on or after January 28, 2011, the purchase prices per square meter of which are two or more times of the average price of new residential properties developed within the nine major districts of Chongqing in the last two years and (iii) the second or further ordinary residential properties purchased on or after January 28, 2011 by non-resident individuals who are not employed in and do not own an enterprise in Chongqing, at rates ranging from 0.5% to 1.2% of the purchase price of the property. These two governments may issue additional measures to tighten the levy of property tax. It is also expected that more local governments will follow Shanghai and Chongqing to impose property tax on commodity properties. The imposition of property tax on commodity properties will increase the purchasing cost of properties and is expected to have a negative impact on demand for properties in China, which in turn could have a material adverse effect on our business, financial condition and results of operations.

For more information about policies adopted by the PRC government with respect to the PRC property sector, see "Regulation."

The property industry in the PRC is still at an early stage, and the property market and related infrastructure and mechanisms have not been fully developed

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

The lack of a liquid secondary market for residential property may discourage investors from acquiring new properties. The limited amount of property mortgage financing available to PRC individuals, compounded by the lack of security of legal title and enforceability of property rights, may further inhibit demand for residential developments.

In addition, risk of property over-supply is increasing in parts of China, where property investment, trading and speculation have become overly active. In the event of actual or perceived over-supply, property prices may fall significantly and our revenue and profitability will be adversely affected.

Risks relating to the PRC

PRC economic, political and social conditions, as well as government policies, could affect our business

Substantially all of our assets are located in the PRC, and all of our revenue is derived from within the PRC. Accordingly, our results of operations, financial position and prospects are significantly subject to the economic, political and legal developments of the PRC.

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to:

- political structure;
- level of government involvement;
- level of development;
- uncertainties in the implementation and enforcement of laws;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a planned economy to a market-oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasizing utilization of market forces in the development of the PRC economy. The PRC government has implemented measures from time to time in order to prevent the PRC economy from overheating and will continue to do so according to its national development plans and fiscal or other policies. These measures may cause a decrease in the level of economic activity, including demand for residential and commercial properties and may have an adverse impact on economic growth in the PRC. If China's economic growth slows down or if the Chinese economy experiences a recession, the growth or demand for our products may also slow down and our business, financial condition and results of operations will be adversely affected. See "—Risks relating to our business—The recent global economic slowdown and financial crisis have negatively impacted, and may continue to negatively impact, our business."

In addition, demand for our products and our business, financial condition and results of operations may be adversely affected by:

- political instability or changes in social conditions in the PRC;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.

Governmental control of currency conversion may affect the value of your investment

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency to jurisdictions outside China. We receive substantially all of our revenue in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of SAFE, by complying with certain procedural requirements. However, approval from the appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted to a jurisdiction outside China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access to foreign currencies for current account transactions in the future. If the PRC foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, our PRC subsidiaries may not be able to pay dividends in foreign currencies to us and we may not be able to service our debt obligations denominated or settled in foreign currencies, such as the Convertible Bonds, the 2014 Notes, the 2017 Notes and the 2015 Notes.

The PRC legal system has inherent uncertainties that could affect our business and results of operations

As all of our business is conducted, and substantially all of our assets are located, in the PRC, our operations are generally affected by and subject to the PRC legal system and PRC laws and regulations.

Since 1979, the PRC government has promulgated laws and regulations in relation to general economic matters, such as foreign investment, corporate organization and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. In particular, legislation over the past 25 years has significantly enhanced the protections afforded to various forms of foreign investment in China. The legal system in China is continuing to evolve. Even where adequate laws exist in China, the enforcement of existing laws or contracts based on existing laws may be uncertain and sporadic, and it may be difficult to obtain swift and equitable enforcement or to obtain enforcement of a judgment by a court of another jurisdiction. In addition, the PRC legal system is based on written statutes and their interpretation, and prior court decisions may be cited as reference but have limited weight as precedents.

Our primary operating subsidiaries were incorporated in China as "wholly foreign-owned enterprises." Although we or our wholly-owned subsidiaries are the sole shareholders of, and therefore have full control over, these PRC entities, the exercise of our shareholder rights are subject to their respective articles of association and PRC laws applicable to foreign-invested enterprises in China, which may be different from the laws of other developed jurisdictions.

China has not developed a fully integrated legal system and recently-enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. The relative inexperience of China's judiciary in many cases also creates additional uncertainty as to the outcome of any litigation. In addition, interpretation of statutes and regulations may be subject to government policies reflecting domestic political changes. Furthermore, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation, implementation and enforcement of these laws and regulations involve uncertainties due to the lack of established practice available for reference. We cannot predict the effect of future legal development in China, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the inconsistencies between local rules and regulations and national law. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after the violation has occurred. This may also limit the remedies available to you as an investor and to us in the event of any claims or disputes with third parties.

Any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

It may be difficult to enforce any judgments obtained from non-PRC courts against us in the PRC

Substantially all of our assets are located within the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or most other western countries. Therefore, it may be difficult for you to enforce against us in the PRC any judgments obtained from non-PRC courts.

The national and regional economies in China and our prospects may be adversely affected by natural disasters, acts of God, and occurrence of epidemics

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China, including certain cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome, or SARS, H5N1 avian flu or the human swine flu, also known as Influenza A (H1N1). For instance, a serious earthquake and its successive aftershocks hit Sichuan province in May 2008 and subsequently, resulting in tremendous loss of lives and injury and destruction of assets in the region. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. A recurrence of SARS or an outbreak of any other epidemics in China, such as the H5N1 avian flu or the human swine flu, especially in the cities where we have operations, may result in material disruptions to our property development and our sales, which in turn may adversely affect our business, financial condition and results of operations.

Capitalization

The following table sets forth on an actual basis our consolidated cash and cash equivalents and capitalization as of December 31, 2010. The following table should be read in conjunction with the selected consolidated financial and other data, the audited consolidated financial statements and related notes included elsewhere herein. Except as otherwise disclosed herein, there has been no material change in our capitalization since December 31, 2010.

(in millions)	As of December 31, 2010 Actual	
	RMB	US$
Cash and cash equivalents[1]	5,094	772
Short-term borrowings[2][3]		
Bank borrowings-secured	4,119	624
Bank borrowings-unsecured	1,066	161
Convertible Bonds[4][5]	1,381	209
Total short-term borrowings	6,566	994
Long-term borrowings[3][6][7]		
Bank borrowings-secured	2,521	382
Bank borrowings-unsecured	2,160	327
2014 Notes	2,536	384
2017 Notes	3,640	551
2015 Notes	2,696	408
Total long-term borrowings	13,553	2,052
Capital and reserves attributable to the equity owners		
Issued capital (HK$0.1 par value per share, 16,699,138,043 shares issued and fully paid)	1,648	250
Share premium	13,745	2,083
Reserves[4][5]	934	141
Equity component of Convertible Bonds	59	9
Retained earnings	8,436	1,278
Total capital and reserves attributable to the equity owners	24,822	3,761
Total capitalization[8]	44,941	6,807

Notes:

(1) Cash and cash equivalents exclude restricted cash of RMB4,758.9 million (US$721.0 million).

(2) Short-term borrowings include the current portion of long-term borrowings.

(3) We continue to enter into short-term and long-term borrowings in the ordinary course of business, including construction and project loans.

(4) This amount excludes the equity component of the Convertible Bonds.

(5) We will redeem RMB522.6 million in principal amount of the Convertible Bonds on February 22, 2011 pursuant to bondholders' put option as provided in the terms of the Convertible Bonds. The redemption price is 111.997% of the U.S. dollar equivalent of the RMB principal amount of the Convertible Bonds to be redeemed, plus accrued but unpaid interest to the date of redemption, which totals RMB591.8 million. Assuming no other Convertible Bonds are redeemed, repurchased or otherwise cancelled before the redemption, the aggregate principal amount of the Convertible Bonds outstanding immediately after the redemption on February 22, 2011 will be RMB781.0 million. See "Management's discussion and analysis of financial condition and results of operations—Borrowings."

(6) As of December 31, 2010, our consolidated capital commitments were RMB12,281.9 million (US$1,860.9 million) and our contingent liabilities, most of which were in the form of guarantees that we have provided to our customers in relation to their purchase of our properties, amounted to approximately RMB18,664.1 million (US$2,827.9 million). See "Management's discussion and analysis of financial conditions and results of operations—Liquidity and capital resources—Contingent liabilities" and "—Capital commitments."

(7) Long-term borrowings exclude the current portion of long-term borrowings.

(8) Total capitalization equals total short-term borrowings and total long-term borrowings plus total capital and reserves attributable to the equity owners.

Selected consolidated financial and other data

The following tables present our selected financial and other data. The selected financial data as of and for each of the fiscal years ended December 31, 2008 and 2010 is derived from our audited consolidated financial statements for those years and as of the dates indicated. The selected financial data as of and for the fiscal year ended December 31, 2009 is derived from our audited consolidated financial statements as of and for the year ended December 31, 2010. The 2009 financial information as contained therein was restated to reflect the change in accounting policy as described below.

Our financial information has been prepared and presented in accordance with HKFRS, which differ in certain material respects from generally accepted accounting principles in the United States ("U.S. GAAP"). For a discussion of some of these differences, see "Summary of certain differences between HKFRS and U.S. GAAP." The summary financial data below should be read in conjunction with "Management's discussion and analysis of financial condition and results of operations" and the consolidated financial information and the related notes.

During the year ended December 31, 2010, we adopted a new accounting policy for recording land use rights held for development and subsequent sale, details of which are described in note 2 to our audited consolidated financial statements as of and for the year ended December 31, 2010. Previously, land use rights held for development and subsequent sale were classified as prepaid operating leases and payments were amortized on a straight line basis over the period of the lease in accordance with HKAS 17 "Lease". Amortization of leasehold land during the development phase was capitalized as part of the construction cost of the property. Amortization charges incurred prior to development and following completion of the property were recognized in profit or loss. Subsequent to the change in accounting policy, land use rights which are held for development and subsequent sale will be classified as inventories and included in "Properties under development" or "Completed properties held for sale" under "Current assets" or "Non-current assets" in accordance with HKAS 2 "Inventories" and measured at the lower of cost and net realizable value. We accounted for this change in accounting policy retrospectively for 2009 by restating the financial information contained in our audited consolidated financial statements as of and for the year ended December 31, 2010, and present such restated financial information (except for the audited consolidated financial information as of and for the year ended December 31, 2009 which has not been restated). We restated such financial information by reversing the amortization charged in prior years. See "Management's discussion and analysis of financial condition and results of operations—Critical accounting policies—land use rights cost." Such restated financial information has not been audited by our independent auditors and you should not place undue reliance on it. The selected financial data as of and for the fiscal year ended December 31, 2009 below has been so restated.

The financial information as of and for the year ended December 31, 2008 as well as the audited consolidated financial information as of and for the years ended December 31, 2008 and 2009 have not been restated to reflect the adoption of this new accounting policy. If the financial information for fiscal year 2008 were to be restated, land use rights held for development and subsequent sale would be reclassified as inventories and included in "Properties under development" or "Completed properties held for sales" under "Current assets" or "Non-current assets." The restatement would also, among other things, cause our operating profit, profit before income tax and profit and total comprehensive income for 2008 to increase slightly, mainly as a result of the reverse of amortization of land use rights charged to "Administrative expenses." As the financial information for fiscal year 2008 has not be restated to reflect the adoption of this new accounting policy, certain line items are not directly comparable to our financial information for fiscal year 2009, as restated, and for fiscal year 2010. Accordingly, the comparative information, discussion and analysis of the unrestated financial information for fiscal year 2008 against the financial information for fiscal year 2009, as restated, and for fiscal year 2010 may not be meaningful, and you are cautioned not to place on undue reliance on such information, discussion or analysis. See "Risk factors—Risks relating to our business—Our financial information for fiscal year 2008 has not been restated to reflect a change in accounting policy and therefore certain line items are not directly comparable to our financial information for fiscal years 2009, as restated, and 2010."

Selected consolidated statement of comprehensive income information

	For the year ended December 31,			
(in millions, except percentages)	**2008**	**2009**	**2010**	**2010**
	(RMB) (audited)	**(RMB) (restated)**	**(RMB) (audited)**	**(US$)**
Revenue	15,712.8	17,585.7	25,804.1	3,909.7
Cost of sales	(8,687.2)	(12,967.6)	(17,452.9)	(2,644.4)
Gross profit	7,025.6	4,618.1	8,351.2	1,265.3
Other gains—net	51.2	188.7	40.9	6.2
Selling and marketing costs	(528.9)	(324.6)	(621.5)	(94.2)
Administrative expenses	(1,046.0)	(695.8)	(833.2)	(126.2)
Operating profit	5,501.9	3,786.5	6,937.4	1,051.1
Finance income	74.7	70.5	138.5	21.0
Finance costs	(1,073.8)	(722.4)	(363.2)	(55.0)
Finance costs—net	(999.1)	(651.9)	(224.8)	(34.0)
Share of loss of an associate	-	-	(48.1)	(7.3)
Fair value changes on derivative financial instruments	(1,241.5)	251.4	55.2	8.4
Profit before income tax	3,261.3	3,385.9	6,719.8	1,018.2
Income tax expenses	(1,846.3)	(1,149.8)	(2,402.0)	(369.9)
Profit and total comprehensive income for the year	1,415.0	2,236.1	4,317.8	654.2
Attributable to:				
Equity holders of the Company	1,378.2	2,190.2	4,290.6	650.1
Non-controlling interests	36.8	45.9	27.2	4.1
	1,415.0	2,236.1	4,317.8	654.2
Dividends	490.8	740.3	1,604.8	243.2
Other Financial Data (unaudited)				
EBITDA[1]	5,666.8	4,105.6	7,434.4	1,126.4
EBITDA Margin[2]	36.1%	23.3%	28.8%	28.8%

Selected consolidated balance sheet information

(in millions)	2008	2009	2010	2010
	As of December 31,			
	(RMB) (audited)	(RMB) (restated)	(RMB) (audited)	(US$)
ASSETS				
Non-current assets				
Property, plant and equipment	2,842.0	3,878.4	5,552.5	841.3
Investment property	148.9	141.2	133.6	20.2
Intangible assets	13.3	13.4	18.5	2.8
Land use rights	7,596.8	1,102.0	1,096.0	166.1
Available-for-sale financial assets	30.0	-	-	-
Properties under development	3,949.3	13,195.3	17,398.6	2,636.1
Investment in an associate	-	-	83.8	12.7
Deferred income tax assets	1,092.4	892.9	1,137.2	172.3
Other assets	-	2,040.0	-	-
	15,672.7	21,263.2	25,420.2	3,851.5
Current assets				
Land use rights	6,042.4	-	-	-
Properties under development	14,992.2	20,247.1	23,761.4	3,600.2
Completed properties held for sale	3,205.4	5,107.7	8,079.4	1,224.1
Inventories	154.3	329.4	206.0	31.2
Trade and other receivables	3,338.6	7,058.5	12,372.8	1,874.8
Prepaid taxes	974.9	1,509.9	2,388.5	361.9
Restricted cash	2,728.1	3,815.3	4,758.8	721.0
Cash and cash equivalents	3,006.5	4,608.7	5,094.3	771.9
	34,442.4	42,676.6	56,661.1	8,585.0
Total assets	50,115.1	63,939.8	82,081.2	12,436.6
EQUITY				
Capital and reserves attributable to the equity owners				
Share capital and premium	14,686.6	14,925.7	15,392.1	2,332.1
Reserves	859.8	1,093.2	993.0	150.5
Retained earnings	3,554.4	5,151.2	8,436.3	1,278.3
	19,100.8	21,170.1	24,821.4	3,760.8
Non-controlling interests	279.9	370.9	596.7	90.4
Total equity	19,380.7	21,540.9	25,418.1	3,850.2
LIABILITIES				
Non-current liabilities				
Bank borrowings	5,003.3	7,638.0	4,680.4	709.1
Senior notes	-	2,602.4	8,872.3	1,344.3
Convertible Bonds	4,018.5	4,278.5	-	-
Deferred government grants	-	107.8	107.8	16.3
Derivative financial instruments	1,241.5	990.1	-	-
Deferred income tax liabilities	339.2	383.4	671.9	101.8
	10,602.5	16,000.3	14,332.3	2,171.6
Current liabilities				
Advanced proceeds received from customers	9,113.6	14,039.7	21,729.6	3,293.4
Trade and other payables	5,485.6	6,563.2	9,077.2	1,375.3
Income taxes payable	2,709.6	2,545.0	4,023.4	609.6
Bank borrowings	2,823.1	3,250.7	5,184.5	785.5
Derivative financial instruments	-	-	934.9	141.7
Convertible bond	-	-	1,381.1	209.3
	20,131.9	26,398.6	42,330.8	6,413.8
Total liabilities	30,734.4	42,398.9	56,663.2	8,585.3
Total equity and liabilities	50,115.1	63,939.8	82,081.2	12,436.6
Net current assets	14,310.5	16,278.0	14,330.2	2,171.2
Total assets less current liabilities	29,983.2	37,541.2	39,750.4	6,022.8

Notes:

(1) EBITDA for any period consists of operating profit plus finance income, depreciation expenses and amortization of land use rights and intangible assets, net of exchange gains or losses. EBITDA is not a standard measure under either U.S. GAAP or HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to service debt and pay taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. See "Management's discussion and analysis of financial condition and results of operations—Non-GAAP financial measures" for a reconciliation of our profit for the year under HKFRS to our definition of EBITDA.

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

Management's discussion and analysis of financial condition and results of operations

The following discussion should be read in conjunction with our consolidated financial information together with the accompanying notes. Our consolidated financial statements were prepared in accordance with HKFRS.

This section includes forward-looking statements that involve risks and uncertainties. All statements, other than statements of historical facts, included in this section that address activities, events or developments which we expect or anticipate will or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses we made in light of experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances.

Unless the context otherwise requires, references to "2008", "2009" and "2010" are to our financial years ended December 31, 2008, 2009 and 2010 respectively. References to "associate" or "associates" in this section are to associates as defined in HKFRS.

Overview

We are one of the leading integrated property developers in the PRC, with substantially all of our assets and operations based in the PRC. Since the commencement of our property development activities in 1997, we have benefited from, and we expect to continue to benefit from, the growth in the property sector associated with the economic development in the PRC, particularly in Guangdong Province, which is one of the most affluent provinces and fastest growing economies in the PRC. Our primary business has been the development of large-scale residential community projects and the sale of various types of properties, including townhouses, apartment buildings, parking spaces and retail shops. The majority of our products are targeted towards end-user customers. As an integrated property developer, our lines of business also include construction, installation, fitting and decoration as well as property management. Our residential home projects are generally located in the suburban areas of first-tier cities and in the newly urbanized town centers of second- and third-tier cities. As of December 31, 2010, we had 84 projects at various stages of development. Of these projects, 51 were located in Guangdong Province: 11 in Guangzhou City, eight in Foshan City, 10 in Jiangmen City, seven in Zhaoqing City and the remaining in various other cities. The other 33 projects were located outside Guangdong Province, spanning six provinces, two autonomous regions and two provincial level municipalities.

As of December 31, 2010, our projects had an aggregate completed GFA of approximately 21,994,377 sq.m. We had an aggregate GFA under development of approximately 14,376,748 sq.m. and an aggregate GFA of approximately 32,004,068 sq.m. relating to properties held for future development as of the same date. We have obtained land use rights certificates in respect of the completed GFA, GFA under development and GFA held for future development. In addition, as of December 31, 2010, we had entered into land grant contracts in respect of land located in 21 cities with an aggregate site area of approximately 10,052,278 sq.m. and an aggregate expected GFA of approximately 10,343,721 sq.m. for future development.

In addition, we expect to jointly develop the Asian Games Project in Guangzhou City with several other PRC real estate developers. The Asian Games Project occupies an estimated site area of approximately 2.6 million sq.m. and has been approved for the development of residential and commercial properties with a total planned GFA of approximately 4.4 million sq.m. The Asian Games Project will be developed through the Asian Games JV, in which we hold a minority equity interest. Because we hold only a minority interest in the Asian Games JV and detailed plans of the Asian Games Project have yet to be finalized, we have not taken the Asian Games Project into account when calculating the number of our projects, the site area or GFA data included herein. See "Business—Asian Games Project" for more details.

We also develop hotels to complement our residential properties. Most of these hotels are located in our large-scale residential community projects, which we believe have added value to such residential projects and enhanced our brand recognition. As of December 31, 2010, we had developed and were operating four five-star hotels and one four-star hotel, as well as 10 hotels which were developed in accordance with the five-star rating standard set forth in the "Star-Rating Standard for Tourist Hotels" (旅遊飯店星級的劃分與評定) issued by the PRC National Tourism Administration. In addition, we have 21 hotels under construction in accordance with the five-star standard set forth in the "Star-Rating Standard for Tourist Hotels."

Certain income statement items

Revenue

Our revenue comprises primarily proceeds from the sale of properties or provision of services after the elimination of intra-group transactions. Our revenue is primarily generated from our four business segments, consisting of property development, construction and decoration, property management and hotel operation.

The table below sets forth the revenue by segments and their percentage of the total revenue:

	For the year ended December 31,					
	2008		2009		2010	
	Amount	Percentage of total revenue	Amount	Percentage of total revenue	Amount	Percentage of total revenue
	(RMB in thousands)	%	(RMB in thousands)	%	(RMB in thousands)	%
Property development	14,736,509	93.8	16,544,904	94.1	24,637,843	95.5
Construction and decoration	408,465	2.6	377,240	2.1	288,665	1.1
Property management	293,295	1.9	349,276	2.0	405,377	1.6
Hotel operation	274,521	1.7	314,284	1.8	472,220	1.8
Total	15,712,790	100.0	17,585,704	100.0	25,804,105	100.0

Revenue from property development represents proceeds from the sale of our properties. As we derive a substantial amount of our total revenue from the property development segment, our results of operations for a given period are dependent upon the type and GFA of properties we have completed during that period, the market demand for those properties and the price we are able to obtain for such properties. Conditions in the property markets in which we operate change from period to period and are significantly affected by the general economic, political and regulatory developments in the PRC. See "—Key factors affecting our performance."

We recognize revenue from the sale of properties when the construction has been completed and the properties have been delivered to the purchasers with the collectability of related receivables reasonably assured. For each of the years ended December 31, 2008, 2009 and 2010, we recognized revenue of RMB14,736.5 million, RMB16,544.9 million and RMB24,637.8 million (US$3,733.0 million) in connection with the delivery of an aggregate GFA of 2,147,592 sq.m., 3,488,786 sq.m. and 4,938,849 sq.m. of property, respectively.

Consistent with customary practice in the property development industry in the PRC, after satisfying the conditions for pre-sales according to PRC laws and regulations, we typically enter into purchase contracts with customers while the properties are still under development. See "Business—Property development—Pre-sales." Generally there is a time difference typically ranging from several months to one year between the time we commence pre-selling of properties under development and the delivery of properties to the purchasers. We do not recognize any revenue from the pre-sales of our properties until the development of such properties is completed and the properties are delivered to the purchasers, even though a portion of the purchase price for a property is typically paid at various stages prior to the delivery of properties. Before the delivery of a pre-sold property upon the completion of development, deposits and purchase price or portions thereof received from our customers are recorded as "advanced proceeds received from customers," a current liability on our balance sheet.

Revenue from construction services is recognized in the accounting period in which the services are rendered by reference to completion of the specific transaction and assessed on the basis of the contract costs incurred up to the end of the reporting period as a percentage of the total estimated costs for each contract. Revenue from decoration, property management and hotel operation is recognized in the accounting period in which the services are rendered. The revenue generated by certain of our subsidiaries comprising the construction and decoration, property management and hotel operation segments from services provided to our projects is eliminated in our consolidated financial statements. Revenue generated from construction services (after elimination upon consolidation) represents mainly revenue generated from Qingyuan Country Garden, a project developed by a related party, Qingyuan Country Garden Property Development Co., Ltd. See "Related party Transactions—Construction and decoration services" for more details. For each of the three years ended December 31, 2008, 2009 and 2010, our construction and decoration segment generated revenue of RMB408.5 million, RMB377.2 million and RMB288.7 million (US$43.7 million), respectively; our property management segment generated revenue of RMB293.3 million, RMB349.3 million, and RMB405.4 million (US$61.4 million) respectively; and our hotel operation segment generated revenue of RMB274.5 million, RMB314.3 million and RMB472.2 million (US$71.5 million), respectively.

Cost of sales

Cost of sales comprises the costs incurred from our four business segments. The table below sets forth the cost of sales by segments and their percentage of the total cost of sales:

	For the year ended December 31,					
	2008		2009		2010	
	Amount	Percentage of total cost of sales	Amount	Percentage of total cost of sales	Amount	Percentage of total cost of sales
	(RMB in thousands)	%	(RMB in thousands) (restated)(1)	%	(RMB in thousands)	%
Property development	7,810,404	89.9	12,083,914	93.2	16,495,112	94.5
Construction and decoration	326,772	3.8	301,792	2.3	217,892	1.2
Property management	272,764	3.1	259,309	2.0	322,796	1.9
Hotel operation	277,266	3.2	322,583	2.5	417,139	2.4
Total	8,687,206	100.0	12,967,598	100.0	17,452,939	100

Note:

(1) The data for the year ended December 31, 2009 have been restated to account for the change in accounting policy in 2010 for recording land use rights held for development and subsequent sale, while the data for the year ended December 31, 2008 have not been so restated.

Cost of sales represents primarily the costs we incur directly for our property development activities which include construction, decoration and design costs, land use rights cost and business taxes.

The table below sets forth for the periods indicated, the components of our cost of properties sold, and the percentage of the cost of properties sold represented by each component.

	For the year ended December 31,					
	2008		2009		2010	
	Amount	Percentage of total cost of sales	Amount	Percentage of total cost of sales	Amount	Percentage of total cost of sales
	(RMB in thousands)	%	(RMB in thousands) (restated)(1)	%	(RMB in thousands)	%
Construction, decoration and design costs	6,342,880	81.2	9,542,644	79.0	12,897,888	78.2
Land use rights cost	703,794	9.0	1,678,899	13.9	2,291,919	13.9
Business taxes and levies	763,730	9.8	862,371	7.1	1,305,305	7.9
Total	7,810,404	100.0	12,083,914	100.0	16,495,112	100.0

Note:

(1) The data for the year ended December 31, 2009 have been restated to account for the change in accounting policy in 2010 for recording land use rights held for development and subsequent sale, while the data for the year ended December 31, 2008 have not been so restated.

Properties under development are stated at the lower of cost and net realizable value. Net realizable value takes into account the price ultimately expected to be realized and the anticipated costs to complete the properties. Completed properties remaining unsold at the end of each financial period are stated at the lower of cost and net realizable value.

Construction, Decoration and Design Costs. Construction, decoration and design costs comprise self-construction costs, outsourcing costs, fitting and decoration costs and design costs. The price of raw materials, the level of complexity of the construction and design and the luxury level in the decoration are the principal factors affecting the average construction costs. Therefore, construction costs of a property project may fluctuate if the conditions of the site require more complex designs and procedures or more expensive materials in order to provide the desired foundation support.

Land Use Rights Cost. During each of the three years ended December 31, 2008, 2009 and 2010, substantially all of the land used in our projects or property developments, whether completed, under development or held for future development, was acquired after the promulgation of the PRC Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing for-Sale by the PRC Ministry of Land and Resources (the "New Land Acquisition Rules").

Under the New Land Acquisition Rules, after July 1, 2002, land use rights for the purposes of commercial use, tourism, entertainment and commodity building development in the PRC may only be granted by the government through a bidding process including a public tender, an auction or a listing-for-sale. In addition, under current regulations, grantees of land use rights are generally allowed to transfer the land use rights in secondary markets, except that if a transferor is a state-owned enterprise or a collectively-owned enterprise or the land use rights are obtained by way of allocation, such land use rights must be transferred through a public bidding process. See "Business—Property Development—Land acquisition" for a description of the land acquisition procedures. Consequently, if we acquire land through a bidding process in the future, our cost of land use rights will consist primarily of a lump-sum purchase price payable to the government or the other transferors as determined by the bidding process. Under the New Land Acquisition Rules, the relevant government authority shall be responsible for establishing a floor price for the bidding process on the basis of land value appraisals and government industrial policies. If we acquire land use rights from other grantees in secondary markets in the future, our cost of land use rights will be the negotiated purchase prices payable to such grantees.

During the year ended December 31, 2010, we adopted a new accounting policy for recording land use rights held for development and subsequent sale. We accounted for this change in accounting policy retrospectively for 2009 by restating the financial information as of and for the year ended December 31, 2009 contained in our audited consolidated financial statements as of and for the year ended December 31, 2010, and present such restated financial information (except for the audited consolidated financial information as of and for the year ended December 31, 2009, which has not been restated). We restated such financial information by reversing the amortization charged in prior years. However, the financial information as of and for the year ended December 31, 2008 as well as the audited consolidated financial information as of and for the years ended December 31, 2008 and 2009 have not been restated to reflect the adoption of this new accounting policy. See "—Critical accounting policies—land use rights cost" and "Risk factors—Risks relating to our business—Our financial information for fiscal year 2008 has not been restated to reflect a change in accounting policy and therefore certain line items are not directly comparable to our financial information for fiscal years 2009, as restated, and 2010."

Business Taxes. Our PRC subsidiaries are subject to local business taxes. The effective business tax rate for each of our property development, construction and decoration, property management and hotel operation businesses as of December 31, 2010 was 5%, 3%, 5% and 5%, respectively. Business tax is levied on the revenue from the sales of properties or rendering of services. Accordingly, the total business tax recognized in our cost of sales increases or decreases along with the movement of revenue recognized.

Selling and marketing costs

Selling and marketing costs include advertising and promotion expenses relating to sales of properties, selling and marketing staff costs and other selling expenses.

Administrative expenses

Administrative expenses include primarily staff costs, amortization of land use rights relating to those lands that are not yet developed and those on which the properties have been completed but are not yet sold, materials consumption cost, depreciation and property tax. Upon the change in accounting policy for land use rights held for development and subsequent sale for the period commencing on or after January 1, 2010, land use rights will cease to be amortized with retrospective adjustments to prior years. Unless otherwise indicated, the financial information for 2009 has been restated to reflect the adoption of this new accounting policy by reversing the amortization of land use rights held for development and subsequent sale, resulting in a decrease of administrative expenses of RMB159.8 million. The financial information for 2008 has not been so restated. If the financial information for 2008 were to be so restated, the reverse of amortization of land use rights held for development and subsequent sale would also result in a decrease in administrative expenses for 2008. See "—Critical accounting policies—Land use rights cost."

Administrative expenses also include donations to charities. In 2008, we made donations to charities for Sichuan Earthquake Relief and others totaling RMB81.3 million.

Finance costs

Finance costs consist primarily of interest costs as a result of bank borrowings and borrowings from related parties and the issue of the 2014 Notes, the 2017 Notes, the 2015 Notes and the Convertible Bonds. Our finance costs are charged to our consolidated statements of comprehensive income in the accounting period in which they are incurred. Prior to January 1, 2009, our borrowing costs were charged to the consolidated statement of comprehensive income in the accounting period in which they were incurred in accordance with HKAS 23. From January 1, 2009, pursuant to the revised HKAS 23, we started to capitalize our borrowing costs directly attributable to the acquisition, construction, or production of our assets as part of costs of assets. As a result, we recorded an increase in properties under development of RMB403.4 million and a decrease in finance costs of the same amount in our financial statements as of and for the year ended December 31, 2009. Finance costs fluctuate from period to period due primarily to fluctuations in our level of outstanding indebtedness, the interest rates on our borrowings and the capitalization of borrowing costs.

Derivative financial instruments

Our derivative financial instruments consist of the Equity Swap. We are a party to an Equity Swap with Merrill Lynch International dated February 15, 2008, for our shares having a value of US$250.0 million at such time. The Equity Swap became effective concurrently with the offering of our Convertible Bonds on February 22, 2008 and was subsequently amended on January 5, 2011. Upon termination of the Equity Swap at its scheduled maturity on February 22, 2013 and upon any optional early termination (as described below), if the final price of our shares is higher than the initial price, we will be entitled to receive a payment from Merrill Lynch International and if the final price is lower than the initial price, we will be required to make a payment to Merrill Lynch International (subject to the netting of collateral payments described below). The initial price was determined shortly after the time the Equity Swap was entered into in accordance with a formula set out in the confirmation documenting the Equity Swap (the "Confirmation"). The final price is an amount in H.K. dollars determined by reference to a volume weighted average price determined based on the price at which Merrill Lynch International terminates or liquidates its hedge positions (subject to any price limit that we notify Merrill Lynch International of and certain other provisions of the Equity Swap) on a number of averaging dates determined in the manner set out in the Confirmation. Any payment made upon termination will be determined in H.K. dollars but will be converted and fall due in U.S. dollars based upon the applicable exchange rate.

We have the right to terminate the Equity Swap early, in whole or in part, at our election on any scheduled trading day by giving Merrill Lynch International sufficient notice. The amount of any such optional early termination cannot exceed a specified maximum amount of the Equity Swap or be less than a specified minimum amount of the Equity Swap.

Upon the effectiveness of the Equity Swap we transferred cash collateral of US$250.0 million by way of an outright transfer of such amount to Merrill Lynch International. This amount will be taken into account as an amount due to us upon termination of the Equity Swap and will, where a payment is due by us upon termination at scheduled maturity or by reason of an optional early termination, be netted against such payment. If a portion of the Equity Swap is terminated by reason of an optional early termination, we are entitled to receive a portion of the collateral based upon the portion of the Equity Swap being terminated (and subject to any netting, as described above).

We are required by HKFRS to make a fair value assessment on the Equity Swap at each balance sheet date. In general, a fair value gain or loss, respectively, will be recognized if our share price on the current balance sheet date is higher or lower than the initial price (for recognition in the year ended December 31, 2008) or the share price on the last balance sheet date (for recognition in subsequent periods). For the year ended December 31, 2008, we recorded a fair value loss on the Equity Swap of RMB1,241.5 million due to a decrease in our share price during such year. We had a fair value gain on the Equity Swap of RMB251.4 million and RMB55.2 million (US$8.4 million) for the year ended December 31, 2009 and 2010, respectively, as a result of an increase in our share price during such years.

Income tax expenses

Enterprise Income Tax. Income tax expense represents PRC enterprise income tax accrued by our operating subsidiaries and provision for LAT. We are an exempted company in the Cayman Islands, and are not subject to Cayman Islands income tax. Our BVI companies holding our PRC subsidiaries are also not subject to BVI income tax. Our PRC subsidiaries were subject to enterprise income tax at a rate of 33% prior to January 1, 2008 (consisting of 30% income tax for foreign-invested enterprises and 3% local income tax). In August 2006, upon the conversion of Giant Leap Construction Co., one of our PRC subsidiaries, to a foreign investment enterprise, the local tax authority granted it a tax holiday (which exempts corporate income tax for two years followed by a tax reduction of 50% for the subsequent three years) commencing from 2006, the first cumulative profit-making year, net of losses carried forward. Although on March 16, 2007, the National People's Congress enacted the EIT Law under which a uniform income tax rate of 25% is imposed on the taxable income of both domestic enterprises and foreign-invested enterprises, and the original tax privilege available to foreign-invested enterprises is cancelled, Giant Leap Construction Co. is able to continue to enjoy its tax holiday until the earlier of the expiration of the tax holiday as originally provided or the end of the five-year transitional period provided by the EIT Law, commencing from January 1, 2008. As a result, Giant Leap Construction Co.'s tax holiday will expire in 2011. The effect of Giant Leap's tax holiday in 2008, 2009 and 2010 was RMB196.6 million, RMB64.0 million and RMB202.5 million, respectively.

Pursuant to the EIT Law, which became effective on January 1, 2008, dividends distributed by our PRC subsidiaries to us or our non-PRC subsidiaries are subject to a withholding tax of 5% for enterprises incorporated in Hong Kong, subject to approval by the relevant authorities and 10% for enterprises incorporated outside of Hong Kong if we or our non-PRC subsidiaries, as the case may be, are deemed as a "non-resident enterprise."

LAT. The LAT expense recorded in our statement of comprehensive income for any given period represents the provision and payment for LAT with respect to the recognized revenue in that period.

Under PRC laws and regulations, our PRC subsidiaries engaging in property development are subject to LAT, which is collected by the local tax authorities. All income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as defined in the relevant tax laws, with certain exemptions available for the sale of ordinary standard residential houses if the appreciation value does not exceed 20% of the total deductible items as defined in the relevant tax laws. See "Regulation—Legal supervision relating to property sector in the PRC—Major taxes applicable to property developers—Land appreciation tax." Sales of commercial properties are not eligible for this exemption. Whether a property qualifies for the ordinary standard residential houses exemption is determined by the local government taking into consideration the property's plot ratio, aggregate GFA and sales price. Sales of properties with higher appreciation values are generally subject to higher LAT rates. On December 28, 2006, the State Administration of Taxation issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (關於房地產開發企業土地增值稅清算管理有關問題的通知) which came into effect on February 1, 2007. Such notice provides further clarifications as to the settlement of LAT. Local provincial tax authorities can formulate their own implementation rules in accordance with the notice and local situation. On May 19, 2010, the SAT issued the Circular on Issues Concerning Settlement of Land Appreciation Tax (關於土地增值稅清算有關問題的通知) to clarify and strengthen the settlement of the land appreciation tax. Furthermore, on May 25, 2010, the SAT issued the Notice on Strengthening the Collection of Land Appreciation Tax (關於加強土地增值稅徵管工作的通知), which requires that the minimum LAT prepayment rate shall be 2% for provinces in the eastern region, 1.5% for provinces in the central and northeastern regions, and 1% for provinces in the western region. We estimate and make provisions for the full amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and regulations, but only pay a portion of such provisions each year as required by the local tax authorities under prevailing practice. We recorded LAT provision under "cost of sale" for accounting periods prior to fiscal year 2007 and have started to record LAT provision under "income tax expenses" in our statement of comprehensive income for the year ended December 31, 2007.

Our LAT expense for 2008, 2009 and 2010 was RMB875.9 million, RMB275.4 million and RMB873.4 million respectively. Our LAT provision balance as of December 31, 2010 was RMB1,595.7 million (US$241.8 million). Our LAT expense decreased significantly in 2009 as compared to 2008, primarily due to the higher percentage of GFA sold in 2009 that was attributable to apartments, which generally have lower selling prices than low-density units. Some smaller apartment units were also exempted from LAT in 2009 subject to certain conditions. The increase in LAT expense in 2010 was primarily due to the increase in revenue and the higher percentage of GFA sold in 2010 that was attributable to low-density units, which generally have higher selling prices than apartments.

Our effective income tax rate is affected by PRC enterprise income tax expense and LAT as described above. Our effective income tax rate is also affected by expenses incurred outside the PRC, such as the interest and other expenses incurred on the Convertible Bonds and the 2014 Notes, which are not deductible for purposes of PRC income tax. Our effective income tax rate was 56.6% in 2008, 34.0% in 2009 and 35.7% in 2010. The significantly higher effective income tax rate in 2008 was primarily due to the fair value loss on the Equity Swap which is not tax deductible.

Non-controlling interests

Non-controlling interests represent our profits or losses after taxation that are attributable to minority shareholders of our non-wholly-owned subsidiaries during the years ended December 31, 2008, 2009 and 2010.

Key factors affecting our performance

Our business, financial condition and results of operations are affected by a number of factors, many of which are beyond our control, including those set out below.

Economic growth, speed of urbanization and demand for residential properties in China

Economic growth, urbanization and rising standards of living in China have been the main driving forces behind the increasing market demand for residential properties. Since the second half of 2008, the global economic slowdown and turmoil in financial markets have resulted in adverse impact on the overall economy of China, including the PRC property market, from which we derive our entire revenue. Although the PRC property market started to recover in the second half of 2009, in large part due to stimulus measures adopted by the PRC government, we cannot assure you that the property market will continue to recover. Further, most of the stimulus measures adopted by the PRC government since the second half of 2008 have been revised or terminated. The economic conditions and volatility of the property prices may continue to impact our business and results of operations. At the current stage of the PRC's economic development, while the property industry is regarded by the PRC government as one of China's pillar industries, the property industry is significantly dependent on the overall economic growth and the resulting consumer demand for residential properties. Developments in the private sector, urbanization and the resulting demand for residential properties in China have in the past increased the sales of our properties. These factors will continue to have a significant impact on our results of operations.

Regulatory measures in the property industry in China

PRC government policies and measures on property development and related industries have a direct impact on our business and results of operations. From time to time, the PRC government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through measures relating to, among other things, land grants, pre-sales of properties, bank financing and taxation. Prior to the second half of 2008, the PRC government took various measures to control money supply, credit availability and fixed assets investment with a view to preventing China's economy from overheating and to achieve more balanced and sustainable economic growth. Beginning in the second half of 2008, in view of the economic downturn, the PRC government has adopted measures to encourage consumption in the residential property market and support to property developers. However, due to significant improvement in economic conditions, most of the stimulus measures adopted by the PRC government since the second half of 2008 have been revised or terminated according to changes in market conditions. Since the fourth quarter of 2009, the PRC government has adjusted some of its policies and issued a number of measures in order to enhance regulation of the property market, restrain property purchases for investment or speculation purposes, keep property prices from rising too quickly in certain cities and curtail the overheating of the property market. See "Regulation—Legal supervision relating to property sector in the PRC", "Risk factors—Risk relating to the property sector in the PRC—The property industry in the PRC is subject to government regulations and policies, which could have the effect of slowing down the industry's growth," "Industry overview—The property industry in the PRC—Property reforms" and "Regulation" for more details.

We are also highly susceptible to any regulations or measures adopted by PBOC that may restrict bank lending to enterprises, particularly to property developers. Moreover, a substantial portion of our purchasers depend on mortgage financing to purchase our properties. Regulations or measures adopted by the PRC government that are intended to restrict the ability of purchasers to obtain mortgages or that increase the costs of mortgage financing may decrease market demand for our properties and adversely affect our sales revenue.

Ability to acquire suitable land for future property development

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

Pre-sales

Pre-sales constitute the most important source of our operating cash inflow during our project development process. PRC law allows us to pre-sell properties before their completion upon satisfaction of certain requirements and requires us to use the pre-sales proceeds to develop the projects pre-sold. The amount and timing of cash inflows from pre-sales are affected by a number of factors, including timing and other restrictions on pre-sales imposed by the PRC government, market demand for our properties subject to pre-sales and the number of properties we have available for pre-sale. Reduced cash flow from pre-sales of our properties will increase our reliance on external financing and will impact our ability to finance our continuing property developments.

Access to and cost of financing

Bank borrowing is another important source of funding for our property developments. As of December 31, 2008, 2009 and 2010 our outstanding bank borrowings amounted to RMB7,826.3 million, RMB10,888.7 million and RMB9,864.9 million (US$1,494.7 million), respectively. As commercial banks in China link the interest rates on their bank loans to benchmark lending rates published by PBOC, any increase in such benchmark lending rates will increase the interest costs related to our developments. Our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC government on bank lending for property development.

We have also sought financing in the international capital markets through the offerings of the Convertible Bonds, the 2014 Notes, the 2017 Notes and the 2015 Notes, which generally give us a longer maturity term but bear higher interest rates than bank borrowings. Access to and cost of financing in the international capital markets is subject to a number of factors, including the global economic conditions and liquidity in the credit markets.

Timing of property development

The number of property developments that a developer can undertake during any particular period is limited due to the substantial amount of capital required for land acquisitions and construction costs as well as limited land supply. Property developments may take many months, or possibly years, before any pre-sale occurs. While pre-sales generate positive cash flow for us, no sales revenue is recognized in respect of such presold properties until development and the property is delivered to the purchaser. We aim to time the launch of pre-sales of our properties to coincide with strong periods of expected demand. As market demand is not stable, sales revenue in a particular period therefore depends on our ability to gauge the expected demand in the market at the launch time for completion of a particular project. As a result, our results of operations have fluctuated in the past and are likely to continue to fluctuate in the future.

Price volatility of construction materials

Our results of operations are affected by price volatility of construction materials such as steel and cement. The cost of construction materials constitutes the most important item in our construction costs. With a view to achieving economies of scale and lowering our purchase costs, we seek to use centralized procurement for projects undertaken by our own construction companies. However, any increase the cost in construction materials will increase our construction costs. If we cannot pass the increased costs on to our customers, our profitability will suffer.

Changes in product mix

The prices and gross profit margins of our products vary by the types of properties we develop and sell. Our gross profit margin is affected by the proportion of sales revenue attributable to our higher gross margin products compared to sales revenue attributable to lower gross margin products. Typically, our low-density units have commanded higher selling prices and gross profit margins than apartment units. Historically, a substantial portion of the projects we have developed have had low plot ratios, permitting us to increase our sales of low density units. Due to regulations in the PRC, we can no longer develop villa projects on land acquired after May 2006. More recently, we have begun acquiring land with higher plot ratios, which will require us to increase the proportion of apartments that we develop and sell. We believe that we have a diversified product portfolio, and we are currently developing strategies to address changes in product mix that may result from such higher plot ratios. If we are unable to successfully develop and execute such strategies, our profit margins may decline as the proportion of our sales comprising apartments increases.

LAT

Our property developments are subject to LAT with respect to the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign investors of property in China, irrespective of whether they are corporate entities or individual investors. Our LAT expense recognized on our statements of comprehensive income for each of the three years ended December 31, 2008, 2009 and 2010 was RMB875.9 million, RMB275.4 million and RMB873.4 million (US$132.3 million), respectively. As of December 31, 2010, our LAT provision on our balance sheets was RMB1,595.7 million (US$241.8 million). We prepay LAT with reference to our pre-sales proceeds and the tax rates set out by local tax authorities. See "Risk factors—Risks relating to our business—The relevant PRC tax authorities may challenge the basis on which we calculate our LAT obligations," "—Certain income statement items—Cost of sales" and "—Certain income statement items—Income tax expenses."

Generally, LAT on apartments is lower than LAT on low-density units, as apartments generally have lower selling prices.

Labor costs

In addition, with the overall improvement of living standards in the PRC as well as the PRC government's recent policies aiming to increase wages of migrant workers, we expect the trend of increasing labor costs to continue in the near future, which in turn will increase our operating costs.

Interim fluctuation of results of operations

Our results of operations tend to fluctuate from period to period. The number of properties that we can develop or complete during any particular period is limited due to the substantial amount of capital required for land acquisition, demolition, resettlement and construction, limited land supplies and lengthy development periods before positive cash flows may be generated. In addition, in recent years, we began to develop larger-scale property developments and, as a result, we develop properties in multiple phases over the course of several years. Typically, the selling prices of properties in such larger-scale property developments tend to increase as the overall development comes closer to completion, thus offering a more established residential community to the purchasers. Seasonal variations, as we disclosed in "Risk factors—Risks relating to our business—We face risks relating to fluctuations of results of operations from period to period," have also caused fluctuations in our interim revenue and profits, including quarterly and semi-annual results. As a result, our results of operations fluctuate and our interim results do not proportionally reflect our annual results.

Critical accounting policies

Critical accounting policies are those accounting policies that are reflective of significant judgments and uncertainties and that potentially yield materially different results under different assumptions and conditions.

Our consolidated financial statements have been prepared in accordance with HKFRS. HKFRS requires that we adopt accounting policies and make estimates that, our directors believe, are the most appropriate under the circumstances for the purposes of giving a true and fair view of our results and financial condition. In preparing our consolidated financial statements, we made certain estimates and assumptions about future events based on our experience. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities. For more details about our critical accounting estimates and judgments, see note 4 to our audited financial information as of and for the year ended December 31, 2010.

Revenue recognition. Revenue comprises primarily the proceeds from property development, construction, decoration, property management and hotel operation after the elimination of intra-group transactions. Revenue from property sales is recognized when the construction has been completed and the properties have been delivered to the purchasers with the collectability of related receivables reasonably assured. Deposits and installments received on properties sold prior to the date of revenue recognition are included in our consolidated balance sheets as advanced proceeds received from customers under current liabilities. Revenue arising from construction services is recognized in the accounting period in which the services are rendered by reference to completion of the specific transaction and assessed on the basis of the contract costs incurred up to the end of the reporting period as a proportion of the total estimated costs for each contract. Revenues arising from decoration service, hotel operation and property management are recognized in the accounting period in which the services are rendered.

Land use rights cost. Land use rights cost typically comprises payments to government authorities for obtaining the right to occupy, use and develop land, certain fees for altering the intended use of land and resettlement costs. We recognize amortization charges for land use rights held for development for sale on a straight-line basis over the unexpired period of such rights and the remaining carrying amount is recognized as cost of sales when the relevant properties are sold. Land use rights for which we have obtained the land use rights certificates are recorded as "land use rights held for development for sale" on our consolidated balance sheet, and those for which we have obtained the construction permits are recorded under "current assets" and the remainder are recorded under non-current assets. If we have not obtained the land use rights certificates for a piece of land in which we have contractual interest, the cost incurred in relation to such land is recorded as "prepayments for land" under "trade and other receivables."

During the year ended December 31, 2010, we changed our accounting policy for recording land use rights which are held for development and subsequent sale. Land use rights which are held for development and subsequent sale meet the definition of both inventories under Hong Kong Accounting Standard ("HKAS") 2 "Inventories" and leasehold land under HKAS 17 "Leases." Previously, land use rights that are held for development and subsequent sale were classified as prepaid operating leases and payments were amortized on a straight line basis over the period of the lease in accordance with HKAS 17. Amortization of leasehold land during the development phase was capitalized as part of the construction cost of the property. Amortization charges incurred prior to development and following completion of the property were recognized in profit or loss. Subsequent to the change in accounting policy, land use rights which are held for development and subsequent sale will be classified as inventories and included in "Properties under development" or "Completed properties held for sales" under "Current assets" or "Non-current assets" in accordance with HKAS 2 and measured at the lower of cost and net realizable value.

The adoption of this new accounting policy has the effect of deferring the recognition of expenses related to land use rights, which in turn has an impact on other financial statement items such as cost of sales, administrative expenses, income tax expenses, properties under development, completed properties held for sale and deferred tax assets. We believe that the new classification of land use rights as inventories results in a more relevant presentation of our financial position, and of our performance for the year ended December 31, 2010. The revised treatment reflects our intent regarding the use of the land use rights and we believe that it results in a presentation consistent with industry practice.

We accounted for this change in accounting policy retrospectively for 2009 by restating the financial information as of and for the year ended December 31, 2009 contained in our audited consolidated financial statements as of and for the year ended December 31, 2010, and present such restated financial information (except for the audited consolidated financial information as of and for the year ended December 31, 2009, which has not been restated). We restated such financial information by reversing the amortization charged in prior years. The financial information as of and for the year ended December 31, 2008 as well as the audited consolidated financial information as of and for the years ended December 31, 2008 and 2009 have not been restated to reflect the adoption of this new accounting policy. The tables below set forth the effect of this restatement on our consolidated financial statements as of the dates and for the periods indicated:

	As of December 31, 2010	**As of December 31, 2009**	**As of January 1, 2009**
	RMB'000	**RMB'000**	**RMB'000**
Increase in completed properties held for sale	1,258,265	942,042	329,287
Increase in properties under development—current	6,748,794	5,222,742	5,764,433
Increase in properties under development—non-current	10,927,648	9,250,011	6,755,423
Decrease in land use right—current	(8,002,929)	(6,145,479)	(6,042,427)
Decrease in land use right—non-current	(10,443,892)	(8,956,706)	(6,621,918)
Decrease in deferred tax assets	(115,181)	(71,362)	(53,953)
Increase in retained earnings	(372,705)	(241,248)	(130,845)

	For the year ended December 31,	
	2010	2009
	RMB'000	RMB'000
Increase in cost of sales	15,175	31,988
Decrease in administrative expenses	(190,451)	(159,800)
Increase in income tax expense	43,819	17,409
Increase in profit attributable to the equity holders of the Company	131,457	110,403
Increase in earnings per share (basic and diluted)	RMB0.79 cents	RMB0.68 cents

If the financial information for fiscal year 2008 were to be restated, land use rights held for development and subsequent sale would be reclassified as inventories and included in "Properties under development" or "Completed properties held for sales" under "Current assets" or "Non-current assets." The restatement would also, among other things, cause our operating profit, profit before income tax and profit and total comprehensive income for 2008 to increase slightly, mainly as a result of the reverse of amortization of land use rights charged to "Administrative expenses." As the financial information for fiscal year 2008 has not be restated to reflect the adoption of this new accounting policy, certain line items are not directly comparable to our financial information for fiscal year 2009, as restated, and for fiscal year 2010. Accordingly, the comparative information, discussion and analysis of the unrestated financial information for fiscal year 2008 against the financial information for fiscal year 2009, as restated, and for fiscal year 2010 may not be meaningful, and you are cautioned not to place on undue reliance on such information, discussion or analysis. See "Risk factors—Risks relating to our business—Our financial information for fiscal year 2008 has not been restated to reflect a change in accounting policy and therefore certain line items are not directly comparable to our financial information for fiscal years 2009, as restated, and 2010."

Properties under development and completed properties held for sale. Properties under development which have either been pre-sold or which are intended for sale and are expected to be completed within a normal operating cycle are classified as current assets. Properties under development are stated at the lower of cost and net realizable value. Net realizable value for our properties under development is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion.

Development cost of a property comprises land use rights, construction costs, capitalized costs and professional fees incurred during the development period of a normal operating cycle. Upon completion, the properties are transferred to completed properties held for sale.

Completed properties remaining unsold at the end of each financial period are stated at the lower of cost and net realizable value. Net realizable value for our completed properties held for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses.

For our financial information as of December 31, 2010 and as of December 31, 2009 (as restated), properties under development and completed properties held for sale on our consolidated balance sheets include land use rights that were previously recorded as a separate item. See "—Land use rights cost."

Results of operations

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

Summary consolidated statement of comprehensive income information

(in millions, except percentages)	For the year ended December 31, 2008	2009	2010	2010
	(RMB) (audited)	(RMB) (restated)[1]	(RMB) (audited)	(US$)
Revenue	15,712.8	17,585.7	25,804.1	3,909.7
Cost of sales	(8,687.2)	(12,967.6)	(17,452.9)	(2,644.4)
Gross profit	7,025.6	4618.1	8,351.2	1,265.3
Other gains—net	51.2	188.7	40.9	6.2
Selling and marketing costs	(528.9)	(324.6)	(621.5)	(94.2)
Administrative expenses	(1,046.0)	(695.8)	(833.2)	(126.2)
Operating profit	5,501.9	3,786.5	6,937.4	1,051.1
Finance income	74.7	70.5	138.5	21.0
Finance costs	(1,073.8)	(722.4)	(363.2)	(55.0)
Finance costs—net	(999.1)	(651.9)	(224.8)	(34.1)
Share of loss of an associate	-	-	(48.1)	(7.3)
Fair value changes on derivative financial instruments	(1,241.5)	251.4	55.2	8.4
Profit before income tax	3,261.3	3,385.9	6,719.8	1,018.1
Income tax expense	(1,846.3)	(1,149.8)	(2,402.0)	(363.9)
Profit and total comprehensive income for the year	1,415.0	2,236.1	4,317.8	654.2
Attributable to:				
Equity holders of the Company	1,378.2	2,190.2	4,290.6	650.1
Non-controlling interests	36.8	45.9	27.2	4.1
	1,415.0	2,236.1	4,317.8	654.2
Dividends	490.8	740.3	1,604.8	243.2
Other Financial Data (unaudited)				
EBITDA[2]	5,666.8	4,105.6	7,434.4	1,126.4
EBITDA Margin[3]	36.1%	23.3%	28.8%	28.8%

Notes:

(1) During the year ended December 31, 2010, we adopted a new accounting policy for recording land use rights held for development and subsequent sale. We accounted for this change in accounting policy retrospectively for 2009 by restating the financial information as of and for the year ended December 31, 2009 contained in our audited consolidated financial statements as of and for the year ended December 31, 2010. We restated such financial information by reversing the amortization charged in prior years, and present such restated financial information (except for the audited consolidated financial information as of and for the year ended December 31, 2009, which has not been restated). However, the financial information as of and for the year ended December 31, 2008 as well as the audited consolidated financial information as of and for the years ended December 31, 2008 and 2009 have not been restated to reflect the adoption of this new accounting policy. See "—Critical accounting policies—land use rights cost." If the financial information for fiscal year 2008 were to be restated, the restatement would, among other things, cause our operating profit, profit before income tax and profit and total comprehensive income for 2008 to increase slightly, mainly as a result of the reverse of amortization of land use rights charged to "Administrative expenses." As the financial information for fiscal year 2008 has not been restated to reflect the adoption of this new accounting policy, certain line items are not directly comparable to our financial information for fiscal year 2009, as restated, and for fiscal year 2010. Accordingly, the comparative information, discussion and analysis of the unrestated financial information for fiscal year 2008 against the financial information for fiscal year 2009, as restated, and for fiscal year 2010 may not be meaningful, and you are cautioned not to place

on undue reliance on such information, discussion or analysis. See "Risk factors—Risks relating to our business—Our financial information for fiscal year 2008 has not been restated to reflect a change in accounting policy and therefore certain line items are not directly comparable to our financial information for fiscal years 2009, as restated, and 2010."

(2) EBITDA for any period consists of operating profit plus finance income, depreciation expenses and amortization of land use rights and intangible assets, net of exchange gains or losses. EBITDA is not a standard measure under either U.S. GAAP or HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to service debt and pay taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. See "Management's discussion and analysis of financial condition and results of operations—Non-GAAP financial measures" for a reconciliation of our profit for the year under HKFRS to our definition of EBITDA.

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

2010 compared to 2009

Revenue. Our revenue increased by 46.7% to RMB25,804.1 million in 2010 from RMB17,585.7 million in 2009, primarily attributable to an increase in revenue from property development of 48.9%.

- Property Development. Revenue generated from property development increased by 48.9% to RMB24,637.8 million (US$3,733.0 million) in 2010 from RMB16,544.9 million in 2009, primarily attributable to a 41.3% increase in total GFA sold, to approximately 4,928,607 sq.m. in 2010 from approximately 3,488,784 sq.m. in 2009, as well as an increase in the recognized average selling price of property of 5.4% from approximately RMB4,742 per sq.m. in 2009 to approximately RMB4,999 per sq.m. in 2010.

  The total GFA sold increased significantly primarily because (i) properties completed and delivered in 2010 increased along with the overall increase in the scale of our operations both inside and outside Guangdong province, and (ii) most of the property sales revenue recognized in 2010 was attributable to sales contracts entered into after the first quarter of 2009, when the PRC property market started to recover from the slowdown caused by the global economic downturn commencing in 2008. The recognized average selling price increased primarily because the proportion of GFA sold in 2010 attributable to low-density units such as townhouses, which generally have higher selling prices than apartments, increased as compared to 2009.

The following table sets forth the revenue generated from each project and the percentage of the total revenue it represented in each of the years ended December 31, 2010 and 2009, respectively.

	For the year ended December 31,			
	2010		2009	
Property Development	Revenue	Percentage of Revenue	Revenue	Percentage of Revenue
	RMB'000	%	RMB'000	%
Country Garden Phoenix City	4,833,136	19.6	2,706,058	16.4
Shaoguan Country Garden	1,906,899	7.7	497,582	3.0
Gaoming Country Garden	1,813,817	7.4	1,470,502	8.9
Heshan Country Garden	991,786	4.0	766,219	4.6
Country Garden-Galaxy Palace	889,339	3.6	583,794	3.5
Changsha Country Garden	877,883	3.6	625,684	3.8
Anqing Country Garden	774,940	3.1	235,458	1.4
Taishan Country Garden	739,603	3.0	231,207	1.4
Zhaoqing Country Garden	694,765	2.8	484,562	2.9
Shunde Country Garden—including Country Garden West Court	643,855	2.6	175,413	1.1
Changshou Country Garden	641,292	2.6	293,061	1.8
Shaoguan Country Garden—Sun Palace	629,945	2.6	-	0.0
Shenyang Country Garden	628,585	2.6	879,814	5.3
Xinhui Country Garden	587,865	2.4	238,299	1.4
Wuhu Country Garden	566,381	2.3	401,916	2.4
Huiyang Country Garden	553,414	2.2	321,612	1.9
Shanwei Country Garden	549,656	2.2	-	0.0
Nansha Country Garden	549,066	2.2	445,037	2.7
Country Garden Lakeside City	491,816	2.0	398,193	2.4
Taizhou Country Garden	489,773	2.0	397,492	2.4
Enping Country Garden	377,000	1.5	129,433	0.8
Jingmen Country Garden	298,753	1.2	-	0.0
Maoming Country Garden	298,554	1.2	-	0.0
Tongliao Country Garden	282,816	1.1	81,770	0.5
Huangshan Country Garden	262,159	1.1	258,769	1.6
Huanan Country Garden—Phase One to Five and Phase Seven	214,962	0.9	224,046	1.4
Country Garden—Hill Lake Palace	178,243	0.7	238,663	1.4
Country Garden-Phoenix City	173,007	0.7	518,880	3.1
Wuhan Country Garden	170,210	0.7	351,158	2.1
Yangdong Country Garden	149,555	0.6	566,923	3.4
Holiday Islands—Huadu	129,184	0.5	386,989	2.3
Xianning Country Garden	106,652	0.4	196,386	1.2
Wuyi Country Garden	76,918	0.3	544,298	3.3
Nanhai Country Garden	61,630	0.3	339,734	2.1
Shawan Country Garden	20,889	0.1	780,218	4.7
Licheng Country Garden	-	-	185,118	1.1
Jun'an Country Garden	-	-	109,096	0.7
Others	1,983,495	8.1	481,519	2.9
Total	24,637,843	100.0	16,544,904	100.0

• Construction and Decoration. Revenue generated from construction and decoration decreased by 23.5% to RMB288.7 million (US$43.7 million) in 2010 from RMB377.2 million in 2009, primarily due to a decrease in the volume of construction and decoration services rendered to Qingyuan Country Garden Property Development Co., Ltd., a related party. See "Related party transactions—Construction and decoration services" for more details.

• Property Management. Revenue generated from property management increased by 16.1% in 2010 to RMB405.4 million (US$61.4 million) from RMB349.3 million in 2009, primarily due to an increase in the cumulative GFA under management resulting from construction, completion and delivery of properties such as Country Garden Phoenix City and Gaoming Country Garden in 2010.

• Hotel Operation. Revenue generated from hotel operation increased by 50.3% to RMB472.2 million (US$71.5 million) in 2010 from RMB314.3 million in 2009, primarily due to the opening of two new hotels, including Chongqing Country Garden Phoenix Hotel and Jingmen Country Garden Phoenix Hotel, in 2010, as well as increased revenues from existing hotels.

Cost of Sales. Cost of sales increased by 34.6% to RMB17,452.9 million (US$2,644.4 million) in 2010 from RMB12,967.6 million in 2009, primarily due to an increase in construction, decoration and design costs, which was in line with the increase in the total GFA sold. Our average cost of sales on a per sq.m. basis decreased to RMB3,347 per sq.m. in 2010 from RMB3,464 per sq.m in 2009, primarily due to a decrease in average overhead costs mainly resulting from our economies of scale.

Gross Profit. Gross profit increased by 80.8% to RMB8,351.2 million (US$1,265.3 million) in 2010 from RMB4,618.1 million in 2009. Our gross profit margin in 2010 increased to 32.4% from 26.3% in 2009. Our gross profit and gross profit margin increased primarily due to the increases in total GFA sold and recognized average selling price of property and the lower average cost of sale or a per sq.m basis in 2010 as compared to 2009.

Other Gains—net. Other gains—net decreased by 78.3% to RMB41.0 million (US$6.2 million) in 2010 from RMB188.7 million in 2009. Other gains—net was relatively large in 2009 primarily due to a gain of RMB114.0 million arising from the disposal of our interest in The Rural Credit Cooperatives Union of Shunde in 2009.

Selling and Marketing Costs. Selling and marketing costs increased by 91.5% to RMB621.5 million (US$94.2 million) in 2010 from RMB324.6 million in 2009. The increase was primarily attributable to an increase in advertisement expenses from RMB97.1 million in 2009 to RMB234.8 million (US$35.6 million) in 2010, mainly for our 13 new projects launched for pre-sale in 2010 and for enhancing marketing activities to take advantage of strengthening market conditions.

Administrative Expenses. Administrative expenses increased by 19.7% to RMB833.2 million (US$126.2 million) in 2010 from RMB695.8 million in 2009, primarily due to increased salary expenses. Our headcount was temporarily reduced in the first half of 2009 as part of our overall cost reduction measures in light of the slowdown in the PRC property market during this period. We hired additional employees as the PRC property market gradually recovered since the second half of 2009. As of December 31, 2009 and 2010, we had approximately 29,514 and 32,943 full-time employees, respectively.

Finance Costs—net. Finance costs—net decreased by 65.5% to RMB224.8 million (US$34.1 million) in 2010 from RMB651.9 million in 2009, primarily due to (i) an increase in capitalized interest expenses from RMB403.4 million in 2009 to RMB1,006.1 million (US$152.4 million) in 2010, mainly resulting from an increase in properties under construction, (ii) foreign exchange gains on financing activities of RMB110.1 million (US$16.7 million) resulting from the increased amount of U.S. dollar settled senior notes and the Renminbi appreciating against the U.S. dollar in 2010, and (iii) a gain on the repurchase of Convertible Bonds of RMB61.9 million as the Convertible Bonds were repurchased at prices lower than their carrying value. The decrease in finance costs—net was partially offset by the recognition of full-year interest expense on the 2014 Notes issued in September 2009 as well as the interest expense on the 2017 Notes issued in April 2010 and the 2015 Notes issued in August 2010.

Share of loss of an associate. We recorded a share of loss of an associate of RMB48.1 million (US$7.3 million) in 2010, which is related to the Asian Games Project. The loss was related to the initial development costs incurred for the Asian Games Project and interest expenses on its bank borrowings. In addition, the GFA of approximately 366,000 sq.m. that was pre-sold in 2010 has not been recognized as revenue in the Asian Games JV's income statement in 2010.

Fair Value Changes on Derivative Financial Instruments. We recognize fair value changes on our Equity Swap. See "—Certain income statement items—Derivative financial instruments" for more details. Based on the market price on December 31, 2010, we recognized fair value gain on the Equity Swap of RMB55.2 million (US$8.4 million). The fair value gain on the Equity Swap in 2009 was RMB251.4 million.

Income Tax Expenses. Income tax expenses increased by 108.9% to RMB2,402.0 million (US$363.9 million) in 2010 from RMB1,149.8 million in 2009, primarily attributable to an increase in PRC enterprise income tax from RMB684.7 million in 2009 to RMB1,484.5 million (US$224.9 million) in 2010 and an increase in LAT from RMB275.4 million in 2009 to RMB873.4 million (US$132.3 million) in 2010. The increase in PRC enterprise income tax was primarily due to an increase in profit before income tax. The increase in LAT expense was primarily due to the increase in revenue and the higher percentage of GFA sold in 2010 that was attributable to low-density units, which generally have higher selling prices than apartments. Our effective income tax rate increased slightly from 34.0% in 2009 and 35.7% in 2010.

Profit and total comprehensive income for the year. Profit and total comprehensive income for the year increased by 93.1% to RMB4,317.8 million (US$654.2 million) in 2010 from RMB2,236.1 million in 2009. Our net profit margin increased to 16.7% for the year ended December 31, 2010 from 12.7% in 2009, as a result of the cumulative effects of the foregoing factors.

Non-controlling Interests. Profits attributable to non-controlling shareholders of our subsidiaries decreased to RMB27.2 million (US$4.1 million) in 2010 from RMB45.9 million in 2009, as a result of decreased profits from projects in which minority shareholders held an interest.

2009 compared to 2008

The consolidated financial information for the year ended December 31, 2009 below (including information related to cost of sales, gross profit, administrative expenses, income tax expenses and profit and total comprehensive income for the year) has been restated to account for the adoption of the new accounting policy for land use rights which are held for development for sale. However, the consolidated financial information for the year ended December 31, 2008 presented below has not been restated to reflect the adoption of this new accounting policy. Therefore, cost of sales, gross profit and total comprehensive income for 2009 and 2008 are not directly comparable. If the consolidated financial information for 2008 were to be restated, the restatement would, among other things, cause our operating profit, profit before income tax and profit and total comprehensive income for 2008 to increase slightly, mainly as a result of the reverse of amortization of land use rights charged to "Administrative expenses." For a description of this change in accounting policy and the effect of the restatement, please see "—Critical accounting policies—land use rights cost" and "Risk factors—Risks relating to our business—Our financial information for fiscal year 2008 has not been restated to reflect a change in accounting policy and therefore certain line items are not directly comparable to our financial information for fiscal years 2009, as restated, and 2010."

Revenue. Our revenue increased by 11.9% to RMB17,585.7 million in 2009 from RMB15,712.8 million in 2008, primarily attributable to an increase in revenue from property development of 12.3%.

- Property Development. Revenue generated from property development increased by 12.3% to RMB16,544.9 million in 2009 from RMB14,736.5 million in 2008, primarily due to a 62.5% increase in total GFA sold, to approximately 3,488,784 sq.m. in 2009 from approximately 2,147,592 sq.m. in 2008, partially offset by a decrease in the recognized average selling price of property of 30.9% from approximately RMB6,861 per sq.m. in 2008 to approximately RMB4,742 per sq.m. in 2009.

  The significant increase in total GFA sold was primarily attributable to the increase in properties completed and delivered in 2009 along with the overall increase in the scale of our operations. The recognized average selling price was relatively low in 2009 primarily because (i) most of the property sales revenue recognized in 2009 was attributable to sales contracts entered into in 2008 and the first quarter of 2009, when the PRC property market and accordingly, property prices, were adversely affected by the global economic slowdown; while a significant portion of the property sales revenue recognized in 2008 was attributable to sales contracts entered into in 2007 when the PRC property market was in a generally stronger condition, (ii) the proportion of GFA sold in 2009 attributable to apartments, which generally have lower selling prices than low-density units, increased as compared to 2008, (iii) the proportion of GFA sold in 2009 attributable to "bare shell" properties, which generally have lower selling prices than decorated properties, increased as compared to 2008, and (iv) the proportion of GFA sold in 2009 attributable to our projects outside Guangdong Province, where the property prices are generally lower than in Guangdong Province, increased as compared to 2008.

The following table sets forth the revenue generated from each project and the percentage of the total revenue it represented in the year ended December 31, 2009 and 2008, respectively.

	For the year ended December 31,			
	2009		2008	
Property Development	**Revenue**	**Percentage of Revenue**	**Revenue**	**Percentage of Revenue**
	RMB'000	**%**	**RMB'000**	**%**
Country Garden Phoenix City	2,706,058	16.4	3,339,639	22.7
Gaoming Country Garden	1,470,502	8.9	415,599	2.8
Shenyang Country Garden	879,814	5.3	-	-
Shawan Country Garden	780,218	4.7	552,152	3.8
Heshan Country Garden	766,219	4.6	757,528	5.1
Changsha Country Garden	625,684	3.8	1,257,091	8.5
Country Garden-Galaxy Palace	583,794	3.5	-	-
Yangdong Country Garden	566,923	3.4	395,479	2.7
Wuyi Country Garden	544,298	3.3	1,395,138	9.5
Country Garden-Phoenix City	518,880	3.2	-	-
Shaoguan Country Garden	497,582	3.0	707,925	4.8
Zhaoqing Country Garden	484,562	2.9	705,405	4.8
Nansha Country Garden	445,037	2.7	657,449	4.5
Wuhu Country Garden	401,916	2.4	-	-
Country Garden Lakeside City	398,193	2.4	-	-
Taizhou Country Garden	397,492	2.4	-	-
Holiday Islands—Huadu	386,989	2.3	50,481	0.3
Wuhan Country Garden	351,158	2.1	-	
Nanhai Country Garden	339,734	2.1	519,634	3.5
Huiyang Country Garden	321,612	1.9	-	-
Changshou Country Garden	293,061	1.8	-	-
Huangshan Country Garden	258,769	1.6	-	-
Country Garden—Hill Lake Palace	238,663	1.4	-	-
Xinhui Country Garden	238,299	1.4	177,507	1.2
Anqing Country Garden	235,458	1.4	-	-
Taishan Country Garden	231,207	1.4	263,705	1.8
Huanan Country Garden—Phase One to Five and Phase Seven	224,046	1.4	913,483	6.2
Xianning Country Garden	196,386	1.2	-	-
Licheng Country Garden	185,118	1.1	206,119	1.4
Shunde Country Garden—including Country Garden West Court	175,413	1.1	1,461,520	9.9
Jun'an Country Garden	109,096	0.7	712,905	4.8
Others	692,723	4.2	247,750	1.7
Total	16,544,904	100.0	14,736,509	100.0

- Construction and Decoration. Revenue generated from construction and decoration decreased by 7.7% to RMB377.2 million in 2009 from RMB408.5 million in 2008, primarily due to a decrease in the volume of construction and decoration services rendered to Qingyuan Country Garden Property Development Co., Ltd., a related party. See "Related party transactions—Construction and decoration services" for more details.

- Property Management. Revenue generated from property management increased by 19.1% to RMB349.3 million in 2009 from RMB293.3 million in 2008, primarily due to an increase in the cumulative GFA under management resulting from construction, completion and delivery of properties such as Country Garden Phoenix City, Gaoming Country Garden, Shenyang Country Garden and Heshan Country Garden in 2009.

• Hotel Operation. Revenue generated from hotel operation increased by 14.5% to RMB314.3 million in 2009 from RMB274.5 million in 2008, primarily due to the opening of new hotels, including Xinhui Country Garden Phoenix Hotel, Zhaoqing Country Garden Phoenix Hotel, Gaoming Country Garden Phoenix Hotel, and Country Garden Phoenix Hot Spring Hotel, in 2009.

Cost of Sales. Cost of sales increased by 49.3% to RMB12,967.6 million in 2009 from RMB8,687.2 million in 2008, primarily due to an increase in construction, decoration and design costs, which was in line with the increase in the total GFA sold. Our average cost of sales on a per sq.m. basis decreased slightly in 2009 as compared to 2008, primarily due to (i) a decrease in business tax resulting mainly from the decrease in recognized average selling price and (ii) a slight decrease in cost of construction materials resulting mainly from the higher percentage of GFA sold that was attributable to apartments. The decrease in average cost of sales was partially offset by an increase in average land cost, as some of the land cost recognized was attributable to land acquired in 2007 when land acquisition prices were relatively high. The restatement of the financial information as of and for the year ended December 31, 2009 to account for the change in accounting policy for recording land use rights held for development and subsequent sale also resulted in an increase in cost of sales of RMB32.0 million for 2009. If the financial information for 2008 were to be restated, the restatement would result in a slight increase in our costs of sales for 2008.

Gross Profit. Gross profit decreased by 34.3% to RMB4,618.1 million in 2009 from RMB7,025.6 million in 2008. Our gross profit margin in 2009 decreased to 26.3% from 44.7% in 2008. Our gross profit and gross profit margin decreased primarily due to the decrease in recognized average selling price of property in 2009 as compared to 2008.

Other Gains—net. Other gains—net increased by 267.8% to RMB188.7 million in 2009 from RMB51.3 million in 2008 primarily due to the gain of RMB114.0 million arising from the disposal of our interest in The Rural Credit Cooperatives Union of Shunde in October 2009.

Selling and Marketing Costs. Selling and marketing costs decreased by 38.6% to RMB324.6 million in 2009 from RMB528.9 million in 2008, primarily attributable to a 58.7% decrease in advertisement expense from RMB234.9 million in 2008 to RMB97.1 million in 2009. In 2008, we launched 23 new projects for pre-sale, 20 of which were located in new markets outside Guangdong Province. We incurred a large amount of advertisement expense in 2008 to market our brand and establish our presence in these new markets and to promote our projects. Our advertisement expense was comparatively less in 2009 as we capitalized on our advertising efforts in 2008 in these markets.

Administrative Expenses. Administrative expenses decreased by 33.5% to RMB695.8 million in 2009 from RMB1,046.0 million in 2008, primarily due to (i) a decrease in salary expenses by 37.1% from RMB340.2 million for 2008 to RMB213.9 million in 2009 and (ii) a decrease in donation expenses by 7.9% from RMB81.3 million in 2008 to RMB74.9 million in 2009. Our headcount was temporarily reduced in the first half of 2009 as part of our overall cost reduction measures in light of the slowdown in the PRC property market during this period, which resulted in a decrease in salary expenses for 2009. We hired additional employees as the PRC property market gradually recovered in the second half of 2009. As of December 31, 2008 and 2009, we had approximately 29,068 and 29,514 full-time employees, respectively. The restatement of the financial information as of and for the year ended December 31, 2009 to account for the change in accounting policy for recording land use rights held for development and subsequent sale also resulted in a decrease in administrative expenses of RMB159.8 million for 2009. If the financial information for 2008 were to be restated, the restatement would result in a slight decrease in our administrative expenses for 2008.

Finance Costs—net. Finance costs—net decreased by 34.7% to RMB651.9 million in 2009 from RMB999.1 million in 2008, primarily due to the capitalization of borrowing costs of RMB403.4 million that were directly attributable to the acquisition, construction or production of our assets since January 1, 2009 pursuant to the revised HKAS 23. We recorded such capitalized borrowing costs as properties under development in our balance sheet as of December 31, 2009. The decrease in finance cost was also attributable to a decrease in foreign exchange loss on financing activities to RMB1.1 million in 2009 from RMB241.4 million in 2008. The foreign exchange loss of RMB241.4 million in 2008 was primarily attributable to the foreign exchange loss on the U.S. dollar-denominated cash collateral for the Equity Swap, mainly as a result of the appreciation of the Renminbi against the U.S. dollar in 2008. The foreign exchange loss was minimal in 2009 as the exchange rate between the Renminbi and the U.S. dollar was relatively stable in 2009. The decrease in finance cost in 2009 was partially offset by the recognition of full-year interest expenses on the Convertible Bonds in 2009 and the interest expenses on the 2014 Notes issued in September 2009.

Fair Value Changes on Derivative Financial Instruments. We recognize fair value changes on our Equity Swap. See "—Certain income statement items — Derivative financial instruments" for more details. Based on the market price on December 31, 2009, we recognized fair value gain on the Equity Swap of RMB251.4 million. The fair value loss on the Equity Swap in 2008 was RMB1,241.5 million.

Income Tax Expenses. Income tax expenses decreased by 37.7% to RMB1,149.8 million in 2009 from RMB1,846.3 million in 2008, primarily attributable to a decrease in PRC enterprise income tax from RMB1,334.3 million in 2008 to RMB684.7 million in 2009 and a decrease in LAT from RMB875.9 million in 2008 to RMB275.4 million in 2009. Our LAT expense decreased significantly in 2009 as compared to 2008 primarily due to the higher percentage of GFA sold in 2009 that was attributable to apartments, which generally have lower selling prices than low-density units. Some smaller apartment units were also exempted from LAT subject to certain conditions. The decrease in income tax expenses was partially offset by the change in deferred income tax recognized in profit or loss from a credit of RMB419.1 million in 2008 to a charge of RMB140.8 million in 2009, mainly as a result of the changes in deferred income tax arising from the elimination of unrealized profits and the recognition of construction contract revenue and the associated contract costs. The decrease in income tax expenses was also partially offset by an increase in income tax expenses of RMB17.4 million resulting solely from the restatement of the financial information as of and for the year ended December 31, 2009 to account for the change in accounting policy for recording land use rights held for development and subsequent sale. If the financial information for 2008 were to be restated, the restatement would result in a slight increase in our income tax expenses for 2008. As a result of the above, our effective income tax rate decreased from 56.6% in 2008 to 34.0% in 2009.

Profit and total comprehensive income for the year. Profit and total comprehensive income for the year increased by 58.0% to RMB2,236.1 million for the year ended December 31, 2009 from RMB1,415.0 million in 2008. Our net profit margin increased to 12.1% for the year ended

December 31, 2009 from 9.0% in 2008, as a result of the cumulative effects of the foregoing factors, including the restatement of the financial information as of and for the year ended December 31, 2009 to account for the change in accounting policy for recording land use rights held for development and subsequent sale, which resulted in a 5.2% increase in profit and total comprehensive income for 2009 from RMB2,125.7 million before restatement to RMB2,236.1 million post restatement. If the financial information for 2008 were to be restated, the restatement would result in a slight increase in our profit and total comprehensive income for 2008.

Non-controlling Interests. Profits attributable to non-controlling shareholders of our subsidiaries increased to RMB45.9 million for the year ended December 31, 2009 from RMB36.8 million in 2008, as a result of increased profits from projects in which minority shareholders held an interest.

Liquidity and capital resources

Cash flows

We operate in a capital intensive industry and have historically financed the development of our projects and other capital expenditures through a combination of internal funds, cash generated from our sales and pre-sale proceeds, borrowings from commercial banks in the PRC and Hong Kong, and proceeds from issuance of debt and equity securities, such as our IPO in April 2007, the issuance of Convertible Bonds in February 2008, the issuance of the 2014 Notes in September 2009, the issuance of the 2017 Notes in April 2010 and the issuance of the 2015 Notes in August 2010. Our short-term liquidity relates to servicing our debt and funding working capital requirements. Sources of short-term liquidity include cash balances and receipts from our operations. Our long-term liquidity requirement includes partial funding of our investments in new property projects and repayment of long-term debt under the Convertible Bonds, the 2014 Notes, the 2017 Notes, the 2015 Notes and other long-term credit facilities. Sources of funding for our long-term liquidity requirements include new loans or debt issuance. We hold our cash and cash equivalents primarily in Renminbi, with the remaining in Hong Kong dollars and U.S. dollars.

The following table presents selected cash flow data from our consolidated cash flow statement for each of the three years ended December 31, 2008, 2009 and 2010.

	Year ended December 31,		
(RMB in thousands)	**2008**	**2009**	**2010**
Net cash generated from/(used in) operating activities	(6,379,171)	(791,270)	775,022
Net cash generated used in investing activities	(2,038,663)	(2,987,040)	(2,020,303)
Net cash generated from financing activities	3,182,408	5,383,325	1,834,862
Cash and cash equivalents at the end of the year	3,006,492	4,608,708	5,094,298

Cash flows from operating activities

2010. Our net cash generated from operating activities of RMB775.0 million was attributable to cash generated from operations of RMB3,268.1 million, partially offset by income tax paid of RMB1,363.5 million and interest paid of RMB1,129.6 million. Cash generated from operations prior to changes in working capital was RMB7,242.9 million. Changes in working capital contributed to a net cash outflow of RMB3,974.8 million, comprising primarily (i) an increase in property under development and completed properties held for sale of RMB10,154.6 million, mainly due to capitalized interest expenses attributable to properties under development and an increase in land use rights, (ii) an increase in trade and other receivables of RMB3,364.5 million, mainly due to shareholder loans to Asian Games JV relating to the Asian Games Project and increases in deposits and prepayments for land use rights, (iii) an increase in restricted cash of RMB943.5 million, mainly due to an increase in proceeds from our pre-sold properties, and (iv) an increase in prepaid taxes of RMB394.4 million, partially offset by (a) an increase in advanced proceeds received from customers of RMB7,689.9 million, and (b) an increase in trade and other payables RMB3,069.0 million, mainly due to the increase in properties under development and associated construction fees payable.

2009. Our net cash used in operating activities of RMB791.3 million was attributable to income tax paid of RMB1,802.4 million and interest paid of RMB788.2 million, partially offset by cash generated from operations of RMB1,799.4 million. Cash generated from operations prior to changes in working capital was RMB3,913.6 million. Changes in working capital contributed to a net cash outflow of RMB2,114.2 million, comprising primarily (i) an increase in trade and other receivables of RMB3,575.9 million, mainly due to increases in deposits and prepayments for land use rights, (ii) an increase in properties under development and completed properties held for sale of RMB2,957.2 million, mainly due to an increase in land use rights, and (iii) an increase in restricted cash of RMB1,087.2 million, mainly due to an increase in proceeds from our pre-sold properties and the collateral for bank borrowings of RMB288.1 million, partially offset by (a) an increase in advanced proceeds received from customers of RMB4,926.1 million, and (b) an increase in trade and other payables of RMB501.1 million.

2008. Our net cash used in operating activities of RMB6,379.2 million was attributable to cash used in operations of RMB3,709.6 million, income tax paid of RMB2,074.4 million and interest paid of RMB595.2 million. Cash generated from operations prior to changes in working capital was RMB5,834.2 million. Changes in working capital contributed to a net cash outflow of RMB9,543.8 million, comprising primarily (i) an increase in properties under development and completed properties held for sale of RMB11,162.0 million, (ii) an increase in land use rights of RMB3,142.3 million, and (iii) an increase in restricted cash of RMB1,714.6 million mainly due to the collateral for Equity Swap of RMB1,708.6 million, partially offset by (a) an increase in trade and other payables of RMB2,855.7 million, (b) an increase in advanced proceeds received from customers of RMB1,944.9 million as we pre-sold our projects and (c) a decrease in trade and other receivables of RMB1,651.4 million.

Cash flows from investing activities

2010. Our net cash outflow from investing activities of RMB2,020.3 million in 2010 was primarily attributable to (i) purchases of property, plant and equipment of RMB2,066.3 million, (ii) equity injection in Asian Games JV of RMB217.6 million, and (iii) purchase of land use rights relating to hotel properties of RMB23.5 million, partially offset by (i) proceeds from partial disposal of an associate of RMB85.7 million resulting from our transfer of a 13% interest in the Asian Games JV to two PRC real estate developers pursuant to the Asian Games Equity Transfer Transactions, and (ii) interest received of RMB76.6 million.

2009. We had net cash outflow from investing activities of approximately RMB2,987.0 million for the year ended December 31, 2009, primarily attributable to (i) prepayment for land use right for

Asian Games Project of RMB2,040.0 million, (ii) purchase of land use rights through the acquisition of subsidiaries of RMB347.4 million, and (iii) purchases of property, plant and equipment of RMB551.3 million.

2008. Our net cash outflow from investing activities of RMB2,038.7 million in 2008 was primarily attributable to purchases of property, plant and equipment of RMB1,386.1 million and purchases of land use rights of RMB547.1 million.

Cash flows from financing activities

2010. Our net cash inflow from financing activities of RMB1,834.9 million in 2010 was primarily attributable to net proceeds from the issuance of the 2017 Notes and 2015 Notes of RMB6,294.7 million and proceeds from bank borrowings of RMB5,136.5 million, partially offset by repayments of bank borrowings of RMB6,149.3 million and repurchases of the Convertible Bonds of RMB3,371.7 million.

2009. Our net cash inflow from financing activities of approximately RMB5,383.3 million in 2009 was primarily attributable to proceeds from bank borrowings of RMB9,567.6 million and net proceeds from the issuance of the 2014 Notes of RMB2,527.7 million, partially offset by repayments of bank borrowings of RMB6,505.2 million.

2008. Our net cash inflow from financing activities of RMB3,182.4 million in 2008 was primarily attributable to proceeds from bank borrowings of RMB4,823.1 million and net proceeds from the issuance of the Convertible Bonds of RMB4,206.2 million, partially offset by repayment of bank borrowings of RMB3,988.6 million, dividends paid to our shareholders of RMB1,557.4 million, and the purchase of treasury shares of RMB303.0 million.

Capital resources

Property developments require substantial capital investment for land acquisition and construction and may take many months or years before positive cashflows can be generated. To date we have funded our growth principally from internal funds, borrowings from banks, proceeds from sales and pre-sales of our developed properties and proceeds from issuance of both debt and equity securities, such as our IPO in April 2007, the issuance of the Convertible Bonds in February 2008, the issuance of the 2014 Notes in September 2009, the issuance of the 2017 Notes in April 2010 and the issuance of the 2015 Notes in August 2010. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies.

Since June 2003 commercial banks have been prohibited under PBOC guidelines from advancing loans to fund payment of land premium. In addition, the Bureau of Land Resources and Housing Management of Guangzhou Municipality indicated in 2001 that it intended to abolish the installment payment method in connection with the transfer of state-owned land use rights after December 31, 2003. As a result, property developers may not use PRC bank loans to pay for land premium and property developers in Guangzhou may be required to make a lump sum payment for the land premium within the period stipulated in the land grant contracts.

In an attempt to control the growth of the PRC property market, the PRC government in November 2009 raised the minimum down payment to 50% of the total land premium and on March 8, 2010, the Ministry of Land and Resources issued the circular on Strengthening Real

Estate Land Supply and Supervision (關於加強房地產用地供應和監管有關問題的通知), under which the minimum price for a given land transfer is to be at least 70% of the benchmark price for land in the surrounding locality and the bidding deposit for such land transfer is required to be at least 20% of the applicable minimum transfer price. Property developers are also required to pay 50% of the land premium (taking into account any deposits previously paid) as a down payment within one month of signing a land grant contract and pay the balance within one year of the contract date, subject to limited exceptions. Such policy may constrain our cash otherwise available for additional land acquisition and construction.

In addition to restrictions on land premium financing, the PRC government also encourages property developers to use internal funds to develop their property projects. Under guidelines issued by the China Banking Regulatory Commission in September 2004, commercial banks in China are not permitted to lend funds to property developers with an internal capital ratio, calculated by dividing the internal funds available by the total capital required for the project, of less than 35%, an increase of five percentage points from 30% as previously required. Such increase in internal capital ratio will increase the internally sourced capital requirement for property developers, including ourselves. In May 2009, as part of its measure to combat the impact of the current global economic downturn, the PRC government lowered this ratio to 20% for protected housing projects and ordinary commodity housing projects and to 30% for other property projects to stimulate property developments in China. However, the PRC government has recently announced a series of measures designed to stabilize the growth of the PRC economy and to stabilize the growth of specific sectors, including the property market, to a more sustainable level. See "Risk factors—Risks relating to the property sector in the PRC—The property industry in the PRC is subject to government regulations and policies, which could have the effect of slowing down the industry's growth."

We typically use internal funds and project loans from PRC banks to finance the initial construction costs for our property developments. Additional cash is generated from pre-sales of properties when they meet the requirements of pre-sale under the national and local regulations. Such proceeds from pre-sales, together with the project loans, are the major sources of fund for the construction of our projects.

We intend to continue to fund our future development and debt servicing from existing financial resources and cash generated from operations. We may also raise additional funds through debt or equity offerings or sales or other dispositions of assets in the future to finance all or a portion of our future development, for debt servicing or for other purposes. Our ability to obtain adequate financing to satisfy our debt service requirements may be limited by our financial condition and results of operations and the liquidity of international and domestic financial markets. Any failure by us to achieve timely rollover, extension or refinancing of our short-term debt may result in our inability to meet our obligations in connection with debt service, accounts payable or other liabilities when they become due and payable. See "Risk factors—Risks relating to our business—We may not have adequate funding resources to finance land acquisitions or property developments, or to service our financing obligations."

Borrowings

Bank borrowings

The following table sets forth our bank borrowings as of December 31, 2008, 2009 and 2010:

	As of December 31,		
(RMB in thousands)	**2008**	**2009**	**2010**
Borrowings included in non-current liabilities:			
Bank borrowings			
—secured	4,784,100	7,819,753	6,539,228
—unsecured	3,038,584	2,604,750	2,841,020
Less: current portion of non-current borrowings	(2,819,434)	(2,786,500)	(4,699,878)
Non-current borrowings	5,003,250	7,638,003	4,680,370
Borrowings included in current liabilities:			
Bank borrowings			
—secured	3,630	288,065	100,000
—unsecured	-	176,096	384,658
Current portion of non-current borrowings	2,819,434	2,786,500	4,699,878
Current borrowings	2,823,064	3,250,661	5,184,536
Total	7,826,314	10,888,664	9,864,906

Our bank borrowings as of December 31, 2008, 2009 and 2010 bore a weighted average effective interest of 7.37%, 6.73% and 5.52% respectively.

As of December 31, 2010, most of our borrowings were secured by land use rights and properties that we owned and we guaranteed by our subsidiaries. The maturity of our bank borrowings included in non-current liabilities as of December 31, 2008, 2009 and 2010 is as follows:

	As of December 31,		
(RMB in thousands)	**2008**	**2009**	**2010**
Between 1 and 2 years	3,354,474	4,348,823	2,775,570
Between 2 and 5 years	1,648,776	2,839,180	1,504,800
Beyond 5 years	-	450,000	400,000
	5,003,250	7,638,003	4,680,370

Subsequent to December 31, 2010, we have, from time to time, in the ordinary course of business, entered into additional loan agreements to finance our property developments or for general corporate purposes. A substantial portion of these loans were PRC bank loans and were secured by land use rights and other assets and properties as well as guaranteed by certain of our PRC subsidiaries.

Convertible Bonds and senior notes

We issued RMB denominated U.S. dollar settled 2.5% Convertible Bonds due 2013 with an aggregate principal amount of RMB3,595 million on February 22, 2008. The principal amount of the Convertible Bonds was increased to RMB4,314 million as a result of over-subscription. In September 2009, we issued 11.75% senior notes due 2014 with an aggregate principal amount of US$375,000,000, which remained outstanding as of December 31, 2010. In April 2010, we issued 11.25% senior notes due 2017 with an aggregate principal amount of US$550,000,000, which remained outstanding as of December 31, 2010. In August 2010, we issued 10.50% senior notes due 2015 with an aggregate principal amount of US$400,000,000, which remained outstanding as of December 31, 2010. As of December 31, 2010, the aggregate carrying amount of the Convertible Bonds and senior notes were RMB10,253.3 million (US$1,553.5 million).

We repurchased certain amount of the Convertible Bonds through a tender offer in April 2010 and through trading on the over-the-counter market. As a result, the outstanding principal amount of the Convertible Bonds was reduced from RMB4,314.0 million to RMB1,303.6 million as of December 31, 2010. In addition, pursuant to the terms of the Convertible Bonds, each holder of the Convertible Bonds has the right to require us to redeem all or some of such holder's Convertible Bonds on February 22, 2011, at 111.997% of the U.S. dollar equivalent of their principal amount in Renminbi, plus accrued but unpaid interest to the date of redemption. As of January 21, 2011, being the last day on which holders of Convertible Bonds could deposit notice exercising their option to require us to redeem their Convertible Bonds, we had received notices from holders of Convertible Bonds to exercise their option to redeem Convertible Bonds in an aggregate principal amount of RMB522.6 million, representing approximately 40.1% of the outstanding principal amount of the Convertible Bonds (the "Redeemed Bonds"). The total amount payable for redeeming the Redeemed Bonds will be the U.S. dollar equivalent of RMB591.8 million. Upon redemption, the Redeemed Bonds will be cancelled. Assuming no other Convertible Bonds are redeemed, repurchased or otherwise cancelled before the redemption, the aggregate principal amount of the Convertible Bonds outstanding immediately after the redemption on February 22, 2011 will be approximately RMB781.0 million.

The Convertible Bonds, the 2014 Notes, the 2017 Notes and the 2015 Notes are currently guaranteed by certain of our subsidiaries as subsidiary guarantors, and are secured, on a *pari passu* basis, by pledges over the shares of certain of such subsidiary guarantors. Such collateral is expected to be shared on a *pari passu* basis among the holders of the Convertible Bonds, the 2014 Notes, the 2017 Notes and the 2015 Notes. See "Description of other material indebtedness—Convertible Bonds", "Description of other material indebtedness—2014 Notes," "Description of other material indebtedness—2017 Notes" and "Description of other material indebtedness – 2015 Notes."

Restricted cash

Pursuant to relevant regulations, certain of our project companies are required to deposit a portion of proceeds from the pre-sales of properties into specific bank accounts. Before the completion of the pre-sold properties, the proceeds deposited in the escrow accounts may only be used for the restricted purposes of purchasing construction materials, equipment, making interim construction payments and paying taxes, with the prior approval of the relevant local authorities. Under the Equity Swap, we provided US$250.0 million as collateral to Merrill Lynch International. In addition, some of our secured borrowings and bills payable were secured by our bank deposits. As of December 31, 2008, 2009 and 2010, our restricted cash amounted to RMB2,728.1 million (comprised of guarantee deposits for construction of pre-sold properties of RMB1,019.5 million and collateral for the Equity Swap of RMB1,708.6 million), RMB3,815.3 million (comprised of guarantee deposits for construction of pre-sold properties of

RMB1,820.2 million, collateral for the Equity Swap of RMB1,707.0 million and collateral for bank borrowings of RMB288.1 million) and RMB4,758.8 million (comprised of guarantee deposits for construction of pre-sold properties of RMB3,005.9 million, collateral for the Equity Swap of RMB1,658.5 million and collateral for bank borrowings of RMB94.5 million), respectively.

Contingent liabilities

As of December 31, 2010, we provided guarantees of approximately RMB18,664.1 million to PRC banks in respect of the mortgaged loans provided by the banks to purchasers of our developed properties. The majority of the guarantees are discharged upon the earlier of the issuance of the individual property ownership certificate to the owner of the property or the certificate of other rights of property to the mortgage bank which will generally be available within three months after we deliver the relevant property to the purchasers, or upon the full settlement of the mortgaged loans by the purchaser. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, we are responsible for repaying the outstanding mortgage principal together with accrued interest and penalty owed by the defaulted purchasers to the banks and we are entitled to take legal title to and possession of the relevant properties. Of the amounts as of December 31, 2010, approximately RMB751.6 million was to be discharged two years from the day the mortgage loans become due; and approximately RMB17,912.6 million was to be discharged upon the earlier of (i) issuance of the property ownership certificates which will generally be available within three months after the purchasers take possession of the relevant properties and (ii) the full repayment of the mortgage loans by the purchasers.

In April 2010, we entered into a guarantee agreement pursuant to which we agreed to guarantee 20% of the Asian Games JV's payment obligations under a RMB8,000 million facility the Asian Games JV entered into in connection with the Asian Games Project. See "Business—Asian Games Project."

Capital commitments

As of December 31, 2010, our capital commitments in connection with our property development activities amounted to RMB12,281.9 million, primarily arising from contracted construction fees, land premium or other capital commitments for future property developments. We expect to fund such capital commitments principally from the pre-sale proceeds of our properties, bank and other borrowings and internally generated cash. The following table shows a breakdown of our capital commitments with respect to our property developments as of December 31, 2010:

	Amount	**Percentage**
	(RMB in thousands)	**%**
Contracted but not provided for		
Property, plant and equipment	25,029	0.2
Property development expenditure (including land premium)	12,256,870	99.8
	12,281,899	100.0

For more details about our capital commitments, see note 36 to our audited financial information as of and for the year ended December 31, 2010 included elsewhere.

On February 1, 2011, our board of directors proposed a final dividend of RMB9.61 cents per share for 2010, totaling RMB1,604.8 million. The proposed final dividend will be paid to our shareholders after shareholders' approval at our annual general meeting scheduled for April 2011.

Market risk

Interest rate risk

We are subject to market risks due to fluctuations in interest rates. Our net profit is affected by changes in interest rates due to the impact such changes may have on interest income and interest expense from short-term deposits and other interest-bearing financial assets and liabilities, including bank borrowings. In addition, an increase in interest rates would adversely affect our prospective purchaser's willingness and ability to purchase our properties, our ability to service loans that we have guaranteed and our ability to raise and service long-term debt and to finance our developments, any of which could adversely affect our business, financial condition and results of operations.

Currently, our borrowings primarily consist of loans from commercial banks, the Convertible Bonds, the 2014 Notes, the 2017 Notes and the 2015 Notes. As of December 31, 2008, 2009 and 2010, our borrowings amounted to RMB11,844.8 million, RMB17,769.6 million and RMB20,118.2 million, respectively. We currently do not have any derivative instruments to hedge our interest rate risk.

Borrowings issued at variable rates expose us to cash flow interest rate risk while borrowings issued at fixed rates expose us to fair value interest rate risk. In addition, any increase of benchmark lending rates published by PBOC may result in an increase in our interest costs, as most of our bank borrowings bear floating interest rates linked to PBOC-published rates. PBOC-published benchmark one-year lending rates, which directly affect the property mortgage rates offered by commercial banks in China, as of December 31, 2008, 2009 and 2010 was 5.31%, 5.31% and 5.81%, respectively. We cannot assure you that PBOC will not raise lending rates in the future or that our business, financial condition and results of operations will not be adversely affected as a result of these adjustments.

Foreign exchange risk

We conduct our sales and purchases almost exclusively in Renminbi except for a small portion of our sales proceeds that are in other currencies. Our exposure to foreign exchange risk is principally due to our U.S. dollar-denominated debt and our bank deposits (including restricted cash) in foreign currencies, mainly Hong Kong dollars and U.S. dollars. As of December 31, 2010, we had U.S. dollar-denominated debt totaling US$1,325 million, representing the 2014 Notes in the aggregate principal amount of US$375.0 million, the 2017 Notes in the aggregate principal amount of US$550.0 million and the 2015 Notes in the aggregate principal amount of US$400.0 million and Hong Kong dollar-denominated debt totaling HK$400.0 million, representing primarily outstanding amounts under certain term loans. As of the same date, we had aggregate bank balances denominated in Hong Kong dollars of RMB57.0 million and in U.S. dollars of RMB3,064.4 million.

We recognize foreign exchange gain or loss on our statement of comprehensive income due to changes in value of assets and liabilities denominated in foreign currencies during the relevant accounting period.

Appreciation of the Renminbi against the U.S. dollar generally results in a gain arising from our U.S. dollar-denominated debt and a loss arising from our bank deposits in Hong Kong dollars and U.S. dollars. A depreciation of the Renminbi against the U.S. dollar would have the opposite effect. In addition, a depreciation of Renminbi would negatively affect the value of dividends paid by our PRC subsidiaries, which may in turn affect our ability to service foreign currency-denominated debts.

Fluctuations in the foreign exchange rate have had and will continue to have an impact on our business, financial condition and results of operations.

Share price risk

Our results of operations are affected by price fluctuations of our shares, as a result of our entry into the Equity Swap. Under HKFRS, we are required to make a fair value assessment on the Equity Swap at each balance sheet date. In general, a fair value gain or loss, respectively, will be recognized if our share price on the current balance sheet date is higher or lower than the initial price (for recognition in the year ended December 31, 2008) or the share price on the last balance sheet date (for recognition in subsequent periods). For the year ended December 31, 2008, we recorded a fair value loss on the Equity Swap of RMB1,241.5 million due to a decrease in our share price during such year. We had a fair value gain on the Equity Swap of RMB251.4 million and RMB55.2 million for the year ended December 31, 2009 and 2010, respectively as a result of an increase in our share price during such years.

Inflation

In recent years, the PRC has not experienced significant inflation, and thus inflation has not had a significant effect on our business during the past three years. According to the China Statistical Bureau, China's overall national inflation rate, as represented by the general consumer price index, was approximately 5.9% and 3.3% in 2008 and 2010, respectively. Deflation could negatively affect our business as it would be a disincentive for prospective property buyers to make a purchase. In 2009, China experienced deflation of approximately 0.7%. Historically, we have not been materially affected by any inflation or deflation.

Non-GAAP financial measures

We use EBITDA and EBITDA margin to provide additional information about our operating performance. EBITDA refers to our operating profit plus finance income, depreciation, amortization of land use rights and intangible assets, net of exchange gains or losses. EBITDA margin is calculated by dividing EBITDA by revenue.

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

As a measure of our operating performance, we believe that the most directly comparable HKFRS and U.S. GAAP measure to EBITDA is operating profit. We operate in a capital intensive industry. We use EBITDA in addition to operating profit because operating profit includes many accounting items associated with capital expenditures, such as depreciation, as well as non-operating items, such as amortization of land use rights. These accounting items may vary between companies depending on the method of accounting adopted by a company. By minimizing differences in capital expenditures and the associated depreciation expenses as well as land use rights amortization, EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with other companies' results. Funds depicted by this measure may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments.

The following table reconciles our operating profit under HKFRS to our definition of EBITDA for the periods indicated:

	For the year ended December 31,		
(RMB in millions)	**2008**	**2009**	**2010**
		(restated)	
Operating profit	5,501.9	3,786.5	6,937.4
Adjustments :			
Interest income	74.7	70.5	76.6
Depreciation	167.8	219.1	276.6
Amortization of land use rights	160.4	26.9(1)	29.4(1)
Amortization of intangible assets	3.4	3.7	4.2
Exchange losses	(241.4)	(1.1)	110.2
EBITDA	5,666.8	4,105.6	7,434.4

Note:
(1) Represents amortization of land use rights for properties other than those held for development and subsequent sale, such as hotel properties. For further information, see "—Critical accounting policies—land use rights cost."

You should not consider our definition of EBITDA in isolation or construe it as an alternative to operating profit or as an indicator of operating performance or any other standard measure under HKFRS or U.S. GAAP. Our definition of EBITDA does not account for taxes and other non-operating cash expenses. Our EBITDA measures may not be comparable to similarly titled measures used by other companies.

Industry overview

The information in the section below has been derived, in part, from various government publications unless otherwise indicated. We have endeavored to obtain the most recent sources available. This information has not been independently verified by us or any of our affiliates or advisors. The information may not be consistent with other information compiled within or outside the PRC.

The economy of the PRC

The PRC economy has grown significantly since the PRC government introduced economic reforms in the late 1970s. China's accession to the World Trade Organization in 2001 has further accelerated the reform of the PRC economy. In the past six years, China's nominal GDP has increased from approximately RMB15,987.8 billion in 2004 to approximately RMB34,050.7 billion in 2009 at a compound annual growth rate, or CAGR, of approximately 16.3%.

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

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	15,987.8	18,493.7	21,631.4	26,581.0	31,404.5	34,050.7
Real GDP growth rate (%)	10.1	11.3	12.7	14.2	9.6	9.1
Per capita GDP (RMB)	12,335.6	14,185.4	16,499.7	20,169.5	23,707.7	25,575.5
Foreign Direct Investment (US$ in billions)	60.6	72.4	72.7	83.5	108.3	94.1
Fixed Asset Investment (RMB in billions)	7,047.7	8,877.4	10,999.8	13,732.4	17,282.8	22,459.9

Source: CEIC

Since 2004, with a view to preventing China's economy from overheating and to achieving more balanced and sustainable economic growth, the PRC government has taken various measures to control money supply, credit availability and fixed assets investment. In particular, the PRC government has taken measures to discourage speculation in the residential property market and has increased the supply of affordable housing. See the section headed "Regulation".

The property industry in the PRC

Property reforms

Property reforms in the PRC did not commence until the 1990s, prior to which the PRC property development industry was part of the nation's planned economy. In the 1990s, China's property and housing sector began its transition to a market-based system. A brief timeline of key housing reforms is set out below:

1988	The PRC government amended the national constitution to permit the transfer of state-owned land use rights
1992	Public housing sales in major cities commenced
1994	The PRC government further implemented property reform and established an employer/employee-funded housing fund
1995	The PRC government issued regulations regarding the sales and pre-sales of property, establishing a regulatory framework for property sales
1998	The PRC government abolished state-allocated housing policy
	The Guangdong government issued regulations on the administration of pre-sales of commodity properties in Guangdong Province
1999	The PRC government extended maximum mortgage term to 30 years
	The PRC government increased maximum mortgage financing from 70% to 80%
	The PRC government formalized procedures for the sale of property in the secondary market
2000	The PRC government issued regulations to standardize the quality of construction projects, establishing a framework for administering construction quality
2001	The PRC government issued regulations relating to the sales of commodity properties
2002	The PRC government promulgated the Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-For-Sale
	The PRC government eliminated the dual system for domestic and overseas home buyers in China
2003	The PRC government promulgated rules for more stringent administration of property loans with a view to reducing the credit and systemic risks associated with such loans
	The State Council issued a notice for sustainable and healthy development of the property market
2004	The State Council issued a notice requiring that, with respect to property development projects (excluding ordinary standard residential houses), the proportion of capital funds should be increased from 20% to 35%. The Ministry of Construction amended Administrative Measures on the Pre-sale of Commercial Housing in Cities. CBRC issued the Guideline for Commercial Banks on Risks of Real Estate Loans to further strengthen the risk management of commercial banks on property loans

2005	The PRC government instituted additional measures to discourage speculation in certain regional markets including increasing the minimum required down payment to 30% of the total purchase price, eliminating the preferential mortgage interest rate for residential housing, imposing a business tax of 5% for sales within two years of purchase, and prohibiting reselling unfinished properties before they are completed
2006 to mid-2008	The PRC government implemented additional land supply, bank financing, foreign investment and other measures to curtail fast increases in property prices, to encourage the development of middle- to low-end housing and to promote healthy development of the PRC property industry The PRC government issued regulations to urge the full and effective use of existing construction land and the preservation of farming land and rules to control financial institutions' property financings to further curtail speculation, over development and fast increases in property prices.
Mid-2008 to third quarter of 2009	The PRC government implemented a number of measures to combat the global economic slowdown. These measures include the lowering of the PBOC benchmark bank lending rates, the internal capital ratio for property projects and the down payment requirements for purchasing residential properties.
Fourth quarter of 2009	The PRC government adjusted some of its policies in order to enhance regulation in the property market, to restrain property purchases for investment or speculation purposes and to keep property prices from rising too quickly in certain cities, including abolishing certain preferential treatment relating to business tax payable upon transfers of residential properties.
First quarter of 2010 to the end of 2010 . .	The PRC government issued a number of measures and policies to curtail the overheating of the property market. Such policy adjustments include abolishment of certain preferential treatment relating to business taxes payable upon transfers of residential properties by property owners, suspending the grant of mortgage loans to non-residents who cannot provide any proof of local tax or social security payments for more than one year, and limiting the number of residential properties that one household can purchase in certain areas. The PRC government also clarified certain issues with respect to the calculation, settlement and collection of LAT in order to enforce the settlement and collection of LAT, and the criteria for commercial banks to identify the second residential property when approving mortgage loans.
Beginning of 2011 to present	The PRC government implemented measures aimed at further cooling the real estate property market. These measures include increasing the minimum down payment to at least 60% of the total purchase price with a minimum mortgage lending interest rate of 110% of the benchmark rate, in certain targeted cities restricting purchasers from acquiring second (or further) residential properties and restricting non-residents that cannot provide any proof of local tax or social security payments for more than a specified time period from purchasing any residential properties, imposing property tax in certain cities and levying business tax on the full amount of transfer price if an individual owner transfers a residential property within five years of purchase.

Additional information on housing reforms and recent regulatory developments is set out in the section entitled "Regulation".

The property reforms, together with the economic growth of China, an increase in disposable income, the emergence of the mortgage lending market and an increase in the urbanization rate, are key factors in sustaining the growth of China's property market. Government housing reforms continue to encourage private ownership and it is expected that the proportion of urban residents who own their private properties will continue to increase.

The table below sets out selected data relating to China's urbanization and disposable income of urban households in China for the periods indicated.

	2004	2005	2006	2007	2008	2009
Urban population (in millions)	542.8	562.1	577.1	593.8	606.7	621.9
Total population (in millions)	1,299.9	1,307.6	1,314.5	1,321.3	1,328.0	1,334.7
Urbanization rate (%)	41.8	43.0	43.9	44.9	45.7	46.6
Per capita disposable income of urban households (RMB)	9,421.6	10,493.0	11,759.5	13,785.8	15,780.8	17,174.7

Source: CEIC

The property market in China

Prices for property in China increased from 2004 to 2009, with the average price of residential properties in China increasing from approximately RMB2,548.6 per sq.m. in 2004 to approximately RMB4,474.0 per sq.m. in 2009, while the average price for commodity properties in the same period increased from approximately RMB2,713.9 per sq.m. in 2004 to approximately RMB4,695.0 per sq.m. in 2009.

In addition, investment in property development increased from approximately RMB1,315.8 billion in 2004 to approximately RMB3,623.2 billion in 2009.

The table below sets out selected data relating to the property market in China for the periods indicated.

	2004	2005	2006	2007	2008	2009
Investment in property development (RMB in billions)	1,315.8	1,575.9	1,938.2	2,528.0	3,058.0	3,623.2
Total GFA sold (sq.m. in millions)	382.3	557.7	606.3	761.9	620.9	947.6
GFA of residential properties sold (sq.m. in millions)	397.2	495.9	554.2	701.4	592.8	861.8
Average price of commodity properties (RMB per sq.m.)	2,713.9	3,242.0	3,382.9	3,885.0	3,877.0	4,695.0
Average price of residential properties (RMB per sq.m.)	2,548.6	3,009.6	3,132.4	3,665.0	3,655.0	4,474.0

Source: CEIC

Real estate sales revenue

The upward trend in the China property industry is evidenced by the growth of revenue from the sale of properties in China. According to CEIC, the total revenue from property development in the PRC increased from approximately RMB1,037.5 billion in 2004 to approximately RMB4,449.0 billion in 2009. During the same period, total GFA sold increased from approximately 382.3 million sq.m. in 2004 to approximately 947.6 million sq.m. in 2009.

The property market in Guangdong Province

Guangdong Province is located in the southern region of China. It has an area of approximately 178,000 sq.km. In 2009, Guangdong Province had a population of approximately 95.9 million. The real GDP growth rate of Guangdong Province exceeded the average national growth rate in each of the past 10 years and the per capita GDP of Guangdong Province was significantly higher than the national average. The table below sets out selected economic statistics of Guangdong Province for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	1,886.5	2,236.7	2,620.4	3,108.4	3,569.6	3,948.3
Real GDP growth rate (%)	14.8	14.1	14.8	14.9	10.4	9.7
Per capita GDP (RMB)	20,870.0	24,647.0	28,747.0	33,890.0	38,748.0	41,166.0
Per capita disposable income of urban households	13,627.7	14,769.9	16,015.6	17,699.3	19,732.9	21,574.7

Source: CEIC

According to the Guangdong Bureau of Statistics, properties with a total GFA of 107,981,636 sq.m. were completed in Guangdong Province in 2009, representing an increase of 2.2% over 2008. A total of 70,358,894 sq.m. of commodity property was sold, of which 65,674,30 sq.m. was residential property. The table below sets out selected data relating to the property market in Guangdong Province for the periods indicated.

	2004	2005	2006	2007	2008	2009
Total GFA completed (sq.m. in millions)	89.8	96.5	89.1	92.6	105.6	108.0
GFA of residential properties completed (sq.m. in millions)	39.5	39.3	45.5	46.7	48.8	56.6
Total GFA sold (sq.m. in millions)	33.5	46.9	51.1	62.2	48.2	70.4
% of total GFA sold in the PRC	8.8	8.4	8.4	8.2	7.8	7.4
GFA of residential properties sold (sq.m. in millions)	36.0	45.5	46.9	56.0	43.6	65.7
Total sales revenue (RMB in billions)	116.5	208.4	249.1	366.4	288.0	458.6
Sales revenue from residential properties (RMB in billions)	129.6	188.6	215.4	318.4	249.6	417.7
Average price of commodity properties (RMB per sq.m.)	3,763.0	4,443.0	4,852.7	5,914.3	5,953.0	6,513.0
Average price of residential properties (RMB per sq.m.)	3,597.0	4,149.0	4,588.6	5,682.1	5,723.0	6,360.0

Source: CEIC

Guangzhou City

Guangzhou is the largest city in southern China and the capital of Guangdong Province, located in the central southern region of the province. In 2008, Guangzhou had a population of approximately 10.1 million. The city experienced a high GDP growth rate for the five years from 2004 to 2008. Guangzhou's GDP reached approximately RMB821.6 billion in 2008, representing a per capita GDP of approximately RMB81,233.0. The table below sets out selected economic statistics of Guangzhou for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	411.6	515.4	607.4	710.9	821.6	911.3
Real GDP growth rate (%)	15.0	12.9	14.8	14.9	12.3	11.5
Per capita GDP (RMB)	56,271.0	69,268.0	63,100.0	71,808.0	81,233.0	na

Source: CEIC

Foshan City

Foshan is located in the central southern region of Guangdong Province, situated to the east of Guangzhou. In 2009, Foshan had a population of approximately 6.0 million. The city experienced a high GDP growth rate for the six years from 2004 to 2009. Foshan's GDP reached approximately RMB481.5 billion in 2009, representing a per capita GDP of approximately RMB80,579.0. The table below sets out selected economic statistics of Foshan for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	165.6	238.3	292.8	360.5	433.3	481.5
Real GDP growth rate (%)	16.3	19.4	19.3	19.2	15.2	13.5
Per capita GDP (RMB)	47,500.0	41,266.0	50,232.0	61,199.0	72,975.0	80,579.0

Source: CEIC

Jiangmen City

Jiangmen is located in the southern region of Guangdong Province, on the west side of the Pearl River Delta. In 2009, Jiangmen had a population of approximately 4.2 million. Jiangmen's GDP reached approximately RMB135.5 billion in 2009, representing a per capita GDP of approximately RMB32,484.0. The table below sets out selected economic statistics of Jiangmen for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	83.5	80.5	91.2	110.7	128.1	135.5
Real GDP growth rate (%)	12.2	12.8	15.6	15.1	10.8	10.8
Per capita GDP (RMB)	21,872.0	19,636.0	22,936.0	26,882.0	30,973.0	32,484.0

Source: CEIC

Yangjiang City

Yangjiang is located in the coastal region of southwestern Guangdong Province in the vicinity of the Pearl River Delta. In 2008, Yangjiang had a population of approximately 2.4 million. Yangjiang's GDP reached approximately RMB48.4 billion in 2008, representing a per capita GDP of approximately RMB20,479.0. The table below sets out selected economic statistics of Yangjiang for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	27.4	29.5	33.9	40.8	48.4	na[1]
Real GDP growth rate (%)	12.6	14.3	13.8	13.1	11.5	na[1]
Per capita GDP (RMB)	10,493.0	12,758.0	14,581.0	17,392.0	20,479.0	na[1]

Source: CEIC

Note:
(1) Data not available

Shaoguan City

Shaoguan is located in the northern region of Guangdong Province. In 2009, Shaoguan had a population of approximately 3.0 million. Shaoguan's GDP reached approximately RMB57.2 billion in 2009, representing a per capita GDP of approximately RMB19,312.0. The table below sets out selected economic statistics of Shaoguan for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	31.3	34.0	40.1	47.2	54.6	57.2
Real GDP growth rate (%)	13.5	9.9	14.7	14.9	10.3	10.1
Per capita GDP (RMB)	11,600.0	11,708.0	13,690.0	16,418.0	18,503.0	19,312.0

Source: CEIC

Zhaoqing City

Zhaoqing is located in the central-western region of Guangdong Province. In 2008, Zhaoqing had a population of approximately 3.8 million. Zhaoqing's GDP reached approximately RMB71.6 billion in 2008, representing a per capita GDP of approximately RMB18,951.0. The table below sets out selected economic statistics of Zhaoqing for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	54.9	45.1	51.6	59.2	71.6	84.6
Real GDP growth rate (%)	13.2	14.4	14.5	15.3	14.2	13.6
Per capita GDP (RMB)	13,945.0	12,315.0	13,991.0	15,891.0	18,951.0	na[1]

Source: CEIC

Note:
(1) Data not available

Huizhou City

Huizhou is located in the southeastern region of Guangdong Province. In 2009, Huizhou had a population of approximately 3.9 million. Huizhou's GDP reached approximately RMB141.5 billion in 2009, representing a per capita GDP of approximately RMB35,819.0. The table below sets out selected economic statistics of Huizhou for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	68.6	80.3	93.5	110.5	129.0	141.5
Real GDP growth rate (%)	15.1	15.8	16.6	17.4	11.5	13.2
Per capita GDP (RMB)	23,642.0	21,896.0	25,043.0	28,945.0	33,077.0	35,819.0

Source: CEIC

The property market in Anhui Province

Anhui Province is located in east China, across the basins of the Yangtze River and the Huaihe River. It has an area of approximately 139,400 sq.km. In 2009, Anhui Province had a population of approximately 61.3 million. The table below sets out selected economic statistics of Anhui Province for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	481.3	537.6	614.2	734.6	887.4	1,006.3
Real GDP growth rate (%)	13.3	11.0	12.5	14.2	12.7	12.9
Per capita GDP (RMB)	7,681.0	8,666.0	9,996.0	12,039.0	14,447.0	16,407.7
Per capita disposable income of urban households (RMB)	7,511.4	8,470.7	9,771.1	11,473.6	12,990.4	14,085.7

Source: CEIC

According to the Anhui Bureau of Statistics, properties with a total GFA of 71,784,602 sq.m. were completed in Anhui Province in 2009. The total sales revenue amounted to approximately RMB137.8 billion. The average price per sq.m. of commodity properties in Anhui Province in 2009 was approximately RMB3,420.0, representing a 16.0% increase over 2008.

	2004	2005	2006	2007	2008	2009
Total GFA completed (sq.m. in millions)	32.5	35.9	43.6	48.8	57.1	71.8
GFA of residential properties completed (sq.m. in millions)	18.2	20.7	23.4	25.0	27.1	34.1
Total GFA sold (sq.m. in millions)	14.3	19.1	23.1	30.9	27.6	40.5
% of total GFA sold in the PRC	3.2	3.4	3.7	4.0	4.2	4.3
GFA of residential properties sold (sq.m. in millions)	12.8	16.9	20.4	27.8	25.4	36.5
Total sales revenue (RMB in billions)	25.5	42.3	53.6	82.2	80.7	137.8
Sales revenue from residential properties (RMB in billions)	20.4	34.8	43.9	69.5	71.4	118.0
Average price of commodity properties (RMB per sq.m.)	1,751.0	2,220.2	2,321.9	2,664.4	2,949.0	3,420.0
Average price of residential properties (RMB per sq.m.)	1,591.0	2,064.6	2,152.8	2,504.8	2,808.0	3,235.0

Source: CEIC

Chaohu City

Chaohu is located in central Anhui Province. In 2009, Chaohu had a population of approximately 4.6 million. Chaohu's GDP reached approximately RMB52.9 billion in 2009, representing a per capita GDP of approximately RMB12,880.0. The table below sets out selected economic statistics of Chaohu for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	29.5	30.2	34.4	40.4	47.9	52.9
Real GDP growth rate (%)	11.7	11.2	12.2	13.3	13.2	12.4
Per capita GDP (RMB)	6,495.0	7,136.0	8,339.0	9,809.0	11,600.0	12,880.0

Source: CEIC

Wuhu City

Wuhu City is located in the southeastern region of Anhui Province. In 2009, Wuhu City had a population of approximately 2.3 million. Wuhu City's GDP reached approximately RMB90.2 billion in 2009, representing a per capita GDP of approximately RMB39,142.0. The table below sets out selected economic statistics for Wuhu City for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	34.5	40.1	48.0	58.2	75.0	90.2
Real GDP growth rate (%)	14.6	13.1	15.4	16.6	15.8	15.4
Per capita GDP (RMB)	15,392.0	17,750.0	21,045.0	25,933.0	32,500.0	39,142.0

Source: CEIC

The property market in Liaoning Province

Liaoning Province is located in the southern district of northeastern region of China. It has an area of approximately 155,900 sq.km. In 2009, Liaoning Province had a population of approximately 43.2 million. The table below sets out selected economic statistics of Liaoning Province for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	667.2	800.5	925.7	1,102.2	1,346.2	1,521.2
Real GDP growth rate (%)	12.8	12.7	14.2	15.0	13.4	13.1
Per capita GDP (RMB)	15,835.0	19,074.0	21,914.0	26,054.0	31,736.0	35,239.0
Per capita disposable income of urban households (RMB)	8,007.6	9,107.6	10,369.6	12,300.4	14,392.7	15,761.4

Source: CEIC

According to the Liaoning Bureau of Statistics, the average price per sq.m. of commodity and properties Liaoning Province in 2009 was approximately RMB4,034.0 representing an increase of 7.3% over 2008. The table below sets out selected data on the property market in Liaoning Province for the periods indicated.

	2004	2005	2006	2007	2008	2009
Total GFA completed (sq.m. in millions)	44.5	50.2	61.6	68.5	79.9	84.0
GFA of residential properties completed (sq.m. in millions)	24.6	24.3	28.9	30.7	32.8	36.5
Total GFA sold (sq.m. in millions)	17.5	25.2	30.1	38.0	40.2	53.8
% of total GFA sold in the PRC	3.9	4.5	4.9	4.9	6.1	5.7
GFA of residential properties sold (sq.m. in millions)	18.0	23.4	27.3	35.5	37.3	48.6
Total sales revenue (RMB in billions)	42.2	71.4	92.4	133.1	150.8	216.8
Sales revenue from residential properties (RMB in billions)	41.7	62.1	78.7	118.9	133.4	188.3
Average price of commodity properties (RMB per sq.m.)	2,417.0	2,797.6	3,073.4	3,490.2	3,758.0	4,034.0
Average price of residential properties (RMB per sq.m.)	2,316.0	2,651.7	2,883.6	3,354.6	3,575.0	3,872.0

Source: CEIC

Shenyang City

Shenyang is the capital of Liaoning Province, located in the central region of the province. In 2009, Shenyang had a population of approximately 7.9 million. Shenyang's GDP reached approximately RMB435.9 billion in 2009, representing a per capita GDP of approximately RMB55,816.0. The table below sets out selected economic statistics of Shenyang for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	190.1	208.4	252.0	322.1	386.0	435.9
Real GDP growth rate (%)	15.5	16.0	16.7	22.8	16.3	14.1
Per capita GDP (RMB)	27,487.0	29,935.0	35,940.0	45,582.0	54,248.0	55,816.0

Source: CEIC

The property market in Inner Mongolia

Inner Mongolia is located in the northern region of China. It has an area of approximately 1,183,000 sq.km. In 2009, Inner Mongolia had a population of approximately 24.2 million. The table below sets out selected economic statistics of Inner Mongolia for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	271.2	382.3	479.0	601.9	776.2	974.0
Real GDP growth rate (%)	20.5	23.8	19.1	19.2	17.8	16.9
Per capita GDP (RMB)	12,767.0	16,371.0	20,692.0	26,777.0	35,263.0	40,282.0
Per capita disposable income of urban households (RMB)	8,123.0	9,136.8	10,358.0	12,377.8	14,432.6	15,849.2

Source: CEIC

According to the Inner Mongolia Bureau of Statistics, in 2009, the total sales revenue amounted to approximately RMB73.3 billion. The average price per sq.m. of commodity and residential properties in Inner Mongolia in 2009 was approximately RMB2,972.0 and RMB2,649.0 respectively, representing an increase of 19.7% and 17.0% over 2008 respectively. The table below sets out selected data on the property market in Inner Mongolia for the periods indicated.

	2004	2005	2006	2007	2008	2009
Total GFA completed (sq.m. in millions)	25.2	26.7	34.0	40.3	40.4	39.9
GFA of residential properties completed (sq.m. in millions)	12.1	13.3	18.2	22.7	19.2	24.5
Total GFA sold (sq.m. in millions)	6.5	10.8	14.1	20.9	21.4	24.6
% of total GFA sold in the PRC	1.4	1.9	2.3	2.7	3.2	2.6
GFA of residential properties sold (sq.m. in millions)	5.8	9.2	12.5	18.1	20.9	22.5
Total sales revenue (RMB in billions)	9.2	17.8	25.7	46.8	52.8	73.3
Sales revenue from residential properties (RMB in billions)	7.0	12.9	20.3	36.5	47.4	59.7
Average price of commodity properties (RMB per sq.m.)	1,389.0	1,653.2	1,811.4	2,246.5	2,483.0	2,972.0
Average price of residential properties (RMB per sq.m.)	1,217.0	1,401.6	1,626.8	2,014.5	2,265.0	2,649.0

Source: CEIC

Hulunbei'er City

Hulunbei'er is located in the northeastern region of Inner Mongolia. In 2009, Hulunbei'er had a population of approximately 2.7 million. Hulunbei'er's GDP reached approximately RMB77.9 billion in 2009, representing a per capita GDP of approximately RMB28,882.0. The table below sets out selected economic statistics for Hulunbei'er for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	26.2	32.4	39.5	50.5	63.3	77.9
Real GDP growth rate (%)	25.0	24.4	18.0	16.3	15.0	17.1
Per capita GDP (RMB)	9,598.0	11,919.0	14,628.0	18,687.0	23,413.0	28,882.0

Source: CEIC

The property market in Jiangsu Province

Jiangsu Province is located along the east coast of China. It has an area of approximately 102,600 sq.km. In 2009, Jiangsu Province had a population of approximately 77.3 million. Jiangsu's per capita disposable income of urban households in 2009 was RMB20,551.7. The table below sets out selected economic statistics of Jiangsu Province for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	1,551.2	1,827.2	2,154.8	2,556.0	3,031.3	3,445.7
Real GDP growth rate (%)	14.8	14.5	14.9	14.9	12.7	12.4
Per capita GDP (RMB)	20,223.0	24,953.0	28,943.0	34,294.0	40,497.0	44,744.0
Per capita disposable income of urban households (RMB)	10,481.9	12,318.6	14,084.3	16,378.0	18,679.5	20,551.7

Source: CEIC

The table below sets out selected data on the property market in Jiangsu Province for the periods indicated.

	2004	2005	2006	2007	2008	2009
Total GFA completed (sq.m. in millions)	73.6	99.0	112.1	130.0	156.9	176.2
GFA of residential properties completed (sq.m. in millions)	37.4	43.9	46.4	50.1	58.8	68.7
Total GFA sold (sq.m. in millions)	31.8	47.4	59.3	73.8	54.1	99.2
% of total GFA sold in the PRC	7.0	8.5	9.6	9.5	8.2	10.5
GFA of residential properties sold (sq.m. in millions)	27.6	45.2	53.2	67.7	47.3	90.3
Total sales revenue (RMB in billions)	84.3	162.9	212.8	295.6	222.4	495.5
Sales revenue from residential properties (RMB in billions)	79.3	142.3	179.5	259.7	200.9	434.1
Average price of commodity properties (RMB per sq.m.)	2,613.0	3,358.8	3,592.2	4,024.4	4,049.0	4,983.0
Average price of residential properties (RMB per sq.m.)	2,397.0	3,145.6	3,375.2	3,834.2	3,802.0	4,805.0

Source: CEIC

Taizhou City

Taizhou is located in the central region of Jiangsu Province. In 2009, Taizhou had a population of approximately 5.0 million. Taizhou's GDP reached approximately RMB165.1 billion in 2009, representing a per capita GDP of approximately RMB35,498.0. The table below sets out selected economic statistics of Taizhou for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	70.5	82.2	100.2	120.2	139.4	165.1
Real GDP growth rate (%)	14.7	15.0	15.3	15.7	13.5	13.8
Per capita GDP (RMB)	14,014.0	17,474.0	19,933.0	23,933.0	27,843.0	35,498.0

Source: CEIC

The property market in Hubei Province

Hubei Province is located in the central region of China. It has an area of approximately 185,900 sq. km. In 2009, Hubei Province had a population of approximately 57.2 million. The table below sets out selected economic statistics of Hubei Province for the periods indicated.

Part 1	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	563.2	648.5	758.1	923.1	1,133.0	1,296.1
Real GDP growth rate (%)	11.2	12.1	13.2	14.6	13.4	13.5
Per capita GDP (RMB)	9,898.0	11,554.0	13,360.0	16,386.0	19,858.0	22,677.0
Per capita disposable income of urban households (RMB)	8,022.8	8,785.9	9,802.7	11,485.8	13,152.9	14,367.5

Source: CEIC

According to CEIC, properties with a total GFA of 61.7 sq.m. were completed in Hubei Province in 2009, representing an increase of 35.7% over 2008. In 2009, the total sales revenue amounted to approximately RMB96.0 billion. The average price per sq.m. of commodity properties in Hubei Province in 2009 was approximately RMB3,532.0, representing an increase of 17.7% over 2008. The table below sets out selected data on the property market in Hubei Province for the periods indicated.

	2004	2005	2006	2007	2008	2009
Total GFA completed (sq.m. in millions)	41.1	42.2	36.5	41.5	45.5	61.7
GFA of residential properties completed (sq.m. in millions)	25.2	25.6	20.1	22.7	22.5	28.1
Total GFA sold (sq.m. in millions)	13.4	17.1	20.4	25.4	19.3	27.2
% of total GFA sold in the PRC	3.0	3.1	3.3	3.3	2.9	2.9
GFA of residential properties sold (sq.m. in millions)	14.6	15.5	19.2	23.8	18.2	25.8
Total sales revenue (RMB in billions)	22.4	38.7	52.1	77.4	58.0	96.0
Sales revenue from residential properties (RMB in billions)	27.7	33.5	46.4	70.0	52.8	87.9
Average price of commodity properties (RMB per sq.m.)	1,950.0	2,263.3	2,555.7	3,053.1	3,001.0	3,532.0
Average price of residential properties (RMB per sq.m.)	1,899.0	2,163.7	2,422.1	2,937.5	2,898.0	3,413.0

Source: CEIC

Wuhan City

Wuhan is the capital of Hubei Province, located at the confluence of the Changjiang and Hanjiang Rivers. In 2009, Wuhan had a population of approximately 8.4 million. Wuhan's GDP reached approximately RMB456.1 billion in 2009, representing a per capita GDP of approximately RMB54,285.7. The table below sets out selected economic statistics of Wuhan for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	195.6	223.8	259.1	314.2	396.0	456.1
Real GDP growth rate (%)	14.5	14.7	14.8	15.6	15.1	13.7
Per capita GDP (RMB)	24,963.0	26,238.0	29,899.0	35,582.0	44,290.0	na[1]

Source: CEIC

Notes:
(1) Data not available

The property market in Heilongjiang Province

Heilongjiang Province is located in the northeastern region of China. It has an area of approximately 454,600 sq. km. In 2009, Heilongjiang Province had a population of approximately 38.3 million. The table below sets out selected economic statistics of Heilongjiang Province for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	530.3	551.0	621.7	707.7	831.0	858.7
Real GDP growth rate (%)	11.7	11.6	12.1	12.0	11.8	11.4
Per capita GDP (RMB)	12,449.0	14,440.0	16,255.0	18,580.0	21,740.0	22,447.0
Per capita disposable income of urban households (RMB)	7,470.7	8,272.5	9,182.3	10,245.3	11,581.3	12,566.0

Source: CEIC

The table below sets out selected data on the property market in Heilongjiang Province for the periods indicated.

	2004	2005	2006	2007	2008	2009
Total GFA completed (sq.m. in millions)	27.1	32.7	32.9	38.2	39.3	57.9
GFA of residential properties completed (sq.m. in millions)	15.1	19.4	19.4	22.1	22.6	34.3
Total GFA sold (sq.m. in millions)	8.6	12.4	14.8	17.1	15.0	20.2
% of total GFA sold in the PRC	1.9	2.2	2.4	2.2	2.3	2.1
GFA of residential properties sold (sq.m. in millions)	7.9	10.5	13.0	15.2	12.9	17.5
Total sales revenue (RMB in billions)	16.6	26.1	32.6	42.4	42.1	65.3
Sales revenue from residential properties (RMB in billions)	13.2	19.6	26.4	35.8	34.0	53.7
Average price of commodity properties (RMB per sq.m.)	1,903.0	2,099.1	2,195.6	2,471.3	2,832.0	3,241.0
Average price of residential properties (RMB per sq.m.)	1,665.0	1,872.8	2,035.2	2,354.2	2,642.0	3,067.0

Source: CEIC

Suihua City

Suihua is located in the mid-south region of Heilongjiang Province. In 2009, Suihua had a population of approximately 5.8 million. Suihua's GDP reached approximately RMB60.6 billion in 2009.

The property market in Hunan Province

Hunan Province is located in the southern region of China, to the north of Guangdong Province. It has an area of approximately 211,875 sq.km. In 2009, Hunan Province had a population of approximately 64.1 million. The table below sets out selected economic statistics of Hunan Province for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	564.2	647.4	756.9	920.0	1,115.7	1,306.0
Real GDP growth rate (%)	12.1	12.2	12.8	15.0	13.9	13.7
Per capita GDP (RMB)	9,165.0	10,562.0	12,139.0	14,869.0	18,147.0	20,428.0
Per capita disposable income of urban households (RMB)	8,617.5	9,524.0	10,504.7	12,293.5	13,821.2	15,084.3

Source: CEIC

According to CEIC, properties with a total GFA of 45.9 mm sq.m. were completed in Hunan Province in 2009, representing an increase of 21.0% over 2008. The total sales revenue amounted to approximately RMB94.2 billion, of which approximately RMB82.6 billion was from the sale of residential properties. The average price per sq.m. of commodity properties and residential properties in Hunan Province in 2009 was approximately RMB2,680.0 and RMB2,532.0, respectively, representing an increase of 16.4% and 19.8% over 2008, respectively. The table below sets out selected data on the property market in Hunan Province for the periods indicated.

	2004	2005	2006	2007	2008	2009
Total GFA completed (sq.m. in millions)	34.9	31.8	32.1	36.2	38.0	45.9
GFA of residential properties completed (sq.m. in millions)	21.7	15.8	18.1	20.9	21.5	29.0
Total GFA sold (sq.m. in millions)	11.9	18.2	20.2	27.5	23.8	35.1
% of total GFA sold in the PRC	2.6	3.3	3.3	3.5	3.6	3.7
GFA of residential properties sold (sq.m. in millions)	13.8	16.1	18.2	25.0	24.1	32.6
Total sales revenue (RMB in billions)	18.0	29.8	39.0	61.4	55.8	94.2
Sales revenue from residential properties (RMB in billions)	17.1	22.6	30.0	51.7	51.0	82.6
Average price of commodity properties (RMB per sq.m.)	1,464.0	1,624.8	1,928.4	2,233.1	2,302.0	2,680.0
Average price of residential properties (RMB per sq.m.)	1,242.0	1,404.6	1,655.2	2,068.0	2,113.0	2,532.0

Source: CEIC

Changsha City

Changsha is the capital of Hunan Province, located in the central eastern region of the province. In 2009, Changsha had a population of approximately 6.6 million. Changsha's GDP reached approximately RMB374.5 billion in 2009, representing a per capita GDP of approximately RMB56,620.0. The table below sets out selected economic statistics of Changsha for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	113.4	152.0	179.9	219.0	300.1	374.5
Real GDP growth rate (%)	15.0	14.9	14.8	16.0	15.1	14.7
Per capita GDP (RMB)	18,036.0	23,968.0	27,982.0	33,711.0	45,765.0	56,620.0

Source: CEIC

The property market in Tianjin

Tianjin is located along the Hai He River, which connects to the Yellow and Yangtze Rivers via the Grand Canal in Tianjin.

In 2009, Tianjin had a population of approximately 12.3 million. Tianjin's GDP reached approximately RMB752.2 billion in 2009, representing a per capita GDP of approximately RMB62,574.0. The table below sets out selected economic statistics of Chongqing for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	293.2	366.4	433.8	501.8	635.4	752.2
Real GDP growth rate (%)	15.8	14.9	14.7	15.5	16.5	16.5
Per capita GDP (RMB)	30,575.0	37,796.0	42,141.0	47,970.0	58,656.0	62,574.0
Per capita disposable income of urban households (RMB)	11,467.2	12,638.6	14,283.1	16,357.4	19,422.5	21,402.0

Source: CEIC

According to CEIC, properties with a total GFA of 28,376,635 sq.m. were completed in Tianjin in 2009. The total sales revenue amounted to approximately RMB109.5 billion. The average price per sq.m. of commodity properties in Tianjin in 2009 was approximately RMB6,886.0, representing a 14.5% increase over 2008.

	2004	2005	2006	2007	2008	2009
Total GFA completed (sq.m. in millions)	15.2	20.2	21.0	22.2	24.4	28.4
GFA of residential properties completed (sq.m. in millions)	10.6	13.1	13.3	14.4	15.1	17.3
Total GFA sold (sq.m. in millions)	8.5	14.0	14.6	15.5	12.5	15.9
GFA of residential properties sold (sq.m. in millions)	7.8	12.6	13.3	14.0	11.4	14.6
% of total GFA sold in the PRC	1.9	2.5	2.4	2.0	1.9	1.7
Total sales revenue (RMB in billions)	26.4	56.8	69.6	89.9	75.3	109.5
Sales revenue from residential properties (RMB in billions)	23.2	50.4	62.0	78.2	63.6	96.5
Average price of commodity properties (RMB per sq.m.)	3,155.0	4,054.7	4,773.5	5,811.1	6,015.0	6,886.0
Average price of residential properties (RMB per sq.m.)	2,965.0	3,987.2	4,649.3	5,575.7	5,598.0	6,605.0

Source: CEIC

The property market in Chongqing

Chongqing is located on the edge of the Yungui Plateau, intersected by the Jialing River and the upper reaches of the Yangtze River. In 2009, Chongqing had a population of approximately 28.6 million. Chongqing's GDP reached approximately RMB653.0 billion in 2009, representing a per capita GDP of approximately RMB22,920.0. The table below sets out selected economic statistics of Chongqing for the periods indicated.

	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	269.3	306.9	345.2	412.3	509.7	653.0
Real GDP growth rate (%)	12.2	11.7	12.4	15.9	14.5	14.9
Per capita GDP (RMB)	9,624.0	12,403.0	13,940.0	16,629.0	20,490.0	22,920.0
Per capita disposable income of urban households (RMB)	9,221.0	10,243.5	11,569.7	12,590.8	14,367.6	15,748.7

Source: CEIC

According to the Chongqing Statistical Yearbook, properties with a total GFA of 44,642,348 sq.m. were completed in Chongqing in 2009. The total sales revenue amounted Chongqing approximately RMB137.8 billion. The average price per sq.m. of commodity properties in Chongqing in 2009 was approximately RMB3,442.0, representing a 23.6% increase over 2008.

	2004	2005	2006	2007	2008	2009
Total GFA completed (sq.m. in millions)	30.7	40.2	37.9	37.8	37.0	44.6
GFA of residential properties completed (sq.m. in millions)	19.0	24.4	23.1	24.2	25.0	30.1
Total GFA sold (sq.m. in millions)	13.2	20.2	22.4	35.5	28.7	40.0
GFA of residential properties sold (sq.m. in millions)	11.6	17.9	20.1	33.1	26.7	37.7
% of total GFA sold in the PRC	2.9	3.6	3.6	4.0	4.4	4.2
Total sales revenue (RMB in billions)	23.3	43.0	50.6	96.7	80.0	137.8
Sales revenue from residential properties (RMB in billions)	18.2	34.1	41.9	85.7	70.5	123.2
Average price of commodity properties (RMB per sq.m.)	1,756.0	2,135.0	2,269.2	2,722.6	2,785.0	3,442.0
Average price of residential properties (RMB per sq.m.)	1,573.0	1,900.7	2,081.3	2,588.2	2,640.0	3,266.0

Source: CEIC

The tourism industry in the PRC

China's tourism industry and hotel industry have benefited from the strong economic growth in China which has resulted in higher disposable incomes of urban households, reflecting a more affluent domestic customer base. In addition, the increased number of international travelers also contributed to the growth of China's tourism and hotel sectors. In 2009, there were 126.5 million inbound visitors, including visitors from Hong Kong, Macau and Taiwan, representing a decline of 2.7% increase over 2008. The majority of these visitors were from Hong Kong, Macau and Taiwan, which collectively accounted for 82.7% of the total number of inbound visitors in 2009. The table below sets out the number of inbound visitors arriving in China from 2004 to 2009.

	Inbound visitors					
	2004	2005	2006	2007	2008	2009
Total (millions)	109.0	120.3	125.0	131.9	130.0	126.5
From Hong Kong and Macau (millions)	88.4	95.9	98.3	101.1	101.3	100.1
From Taiwan (millions)	3.7	4.1	4.4	4.6	4.4	4.5
Foreigners (millions)	16.9	20.2	22.2	26.1	24.3	21.9
Increase/(Decrease) (%)	19.0	10.3	3.9	5.5	(1.4)	(2.7)

Source: CEIC

Tourism industry in Guangdong Province

In 2009, Guangdong Province received approximately 102.3 million inbound visitors, including visitors from Hong Kong, Macau and Taiwan, representing an increase of 1.89% over 2006. The majority of these visitors were from Hong Kong, Macau and Taiwan, which collectively accounted for approximately 97.1 million of inbound visitors in 2008. The table below sets out the number of inbound visitors in Guangdong Province from 2004 to 2009.

	Inbound visitors					
	2004	2005	2006	2007	2008	2009
Total (millions)	87.5	95.8	100.4	103.2	103.2	102.3
From Hong Kong and Macau (millions)	80.9	88.3	92.3	94.2	94.2	94.2
From Taiwan (millions)	2.0	2.2	2.2	2.3	2.2	2.0
Foreigners (millions)	4.6	5.4	5.9	6.7	6.2	6.1
Increase/(Decrease) (%)	25.0	9.5	4.8	2.8	0.0	0.0

Source: Guangdong Statistical Yearbook

Tourism industry in Tianjin

In 2009, Tianjin received approximately 1.4 million inbound visitors, representing an increase of 15.6% over 2008. The majority of these visitors were domestic visitors which collectively accounted for approximately 0.9 million of inbound visitors in 2009. The table below sets out the number of inbound visitors in Tianjin from 2004 to 2009.

Inbound visitors

	2004	2005	2006	2007	2008	2009
Total (millions)	0.6	0.7	0.9	1.0	1.2	1.4
Domestic (millions)	0.4	0.5	0.5	0.6	0.8	0.9
International (millions)	0.2	0.3	0.4	0.4	0.4	0.5
Increase/(Decrease) (%)	25.9	20.2	19.0	17.2	18.2	15.6

Source: CEIC

Tourism industry in Zhangjiajie

In 2008, Zhangjiajie received approximately 8.0 million inbound visitors, representing an increase of 8.7% over 2007. The majority of these visitors were domestic visitors which collectively accounted for approximately 7.8 million of inbound visitors in 2009. The table below sets out the number of inbound visitors in Zhangjiajie from 2004 to 2008.

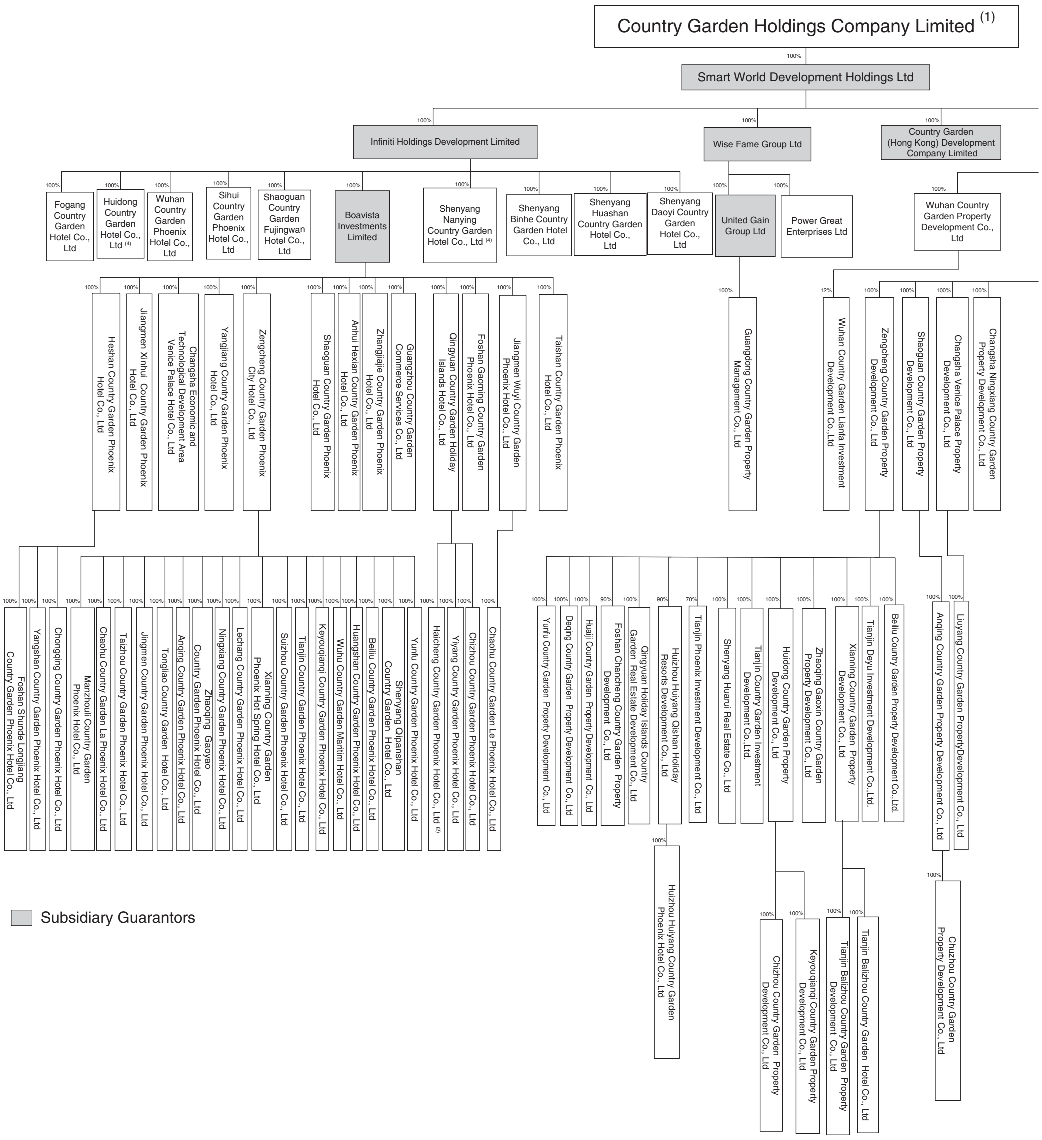
Inbound visitors

	2004	2005	2006	2007	2008
Total (millions)	4.4	5.1	6.1	7.4	8.0
Domestic (millions)	4.1	5.1	5.7	7.0	7.8
International (millions)	0.3	0.0	0.4	0.4	0.3
Increase/(Decrease) (%)	109.1	16.3	19.4	21.4	8.7

Source: CEIC

Corporate structure

The following chart shows our corporate structure as of December 31, 2010.



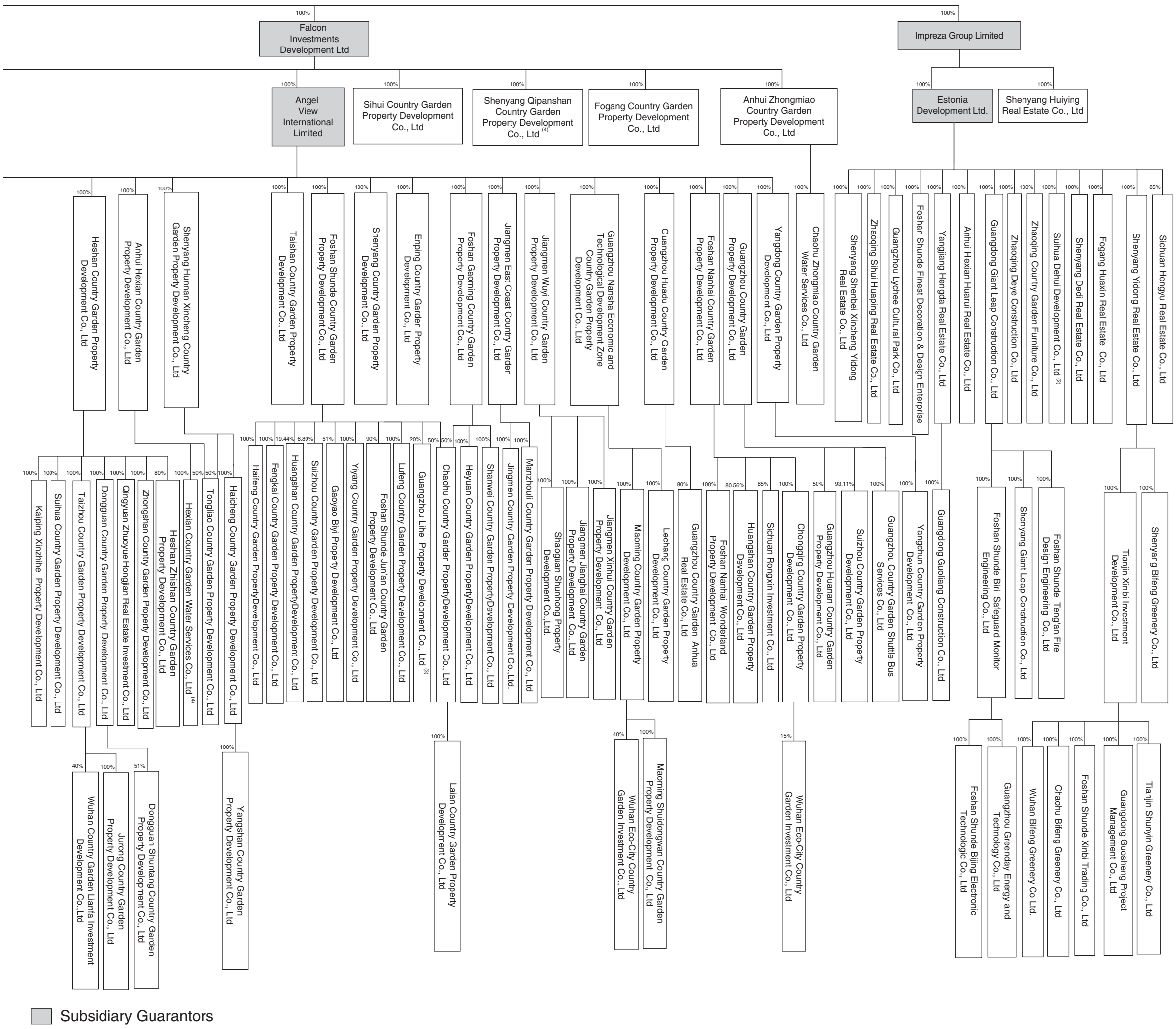
Notes:

(1) Our ultimate shareholders (other than public shareholders) are Yang Huiyan, Yang Erzhu, Su Rubo, Zhang Yaoyuan, Ou Xueming, who hold 59.83%, 5.82%, 4.29%, 4.89%, and 4.41%, respectively, of our Shares. See “Principal shareholders.”

(2) These companies are in the process of dissolution.

(3) Guangzhou Lihe Property Development Co., Ltd is the Asian Games JV, which is the entity through which the Asian Games Project will be implemented. See “Business—Asian Games Project” for additional details.

(4) Each of these companies is in the process of applying for an extension of its business term.


Falcon Investments Development Ltd
Impreza Group Limited
Angel View International Limited
Sihui Country Garden Property Development Co., Ltd
Shenyang Qipanshan Country Garden Property Development Co., Ltd
Fogang Country Garden Property Development Co., Ltd
Anhui Zhongmiao Country Garden Property Development Co., Ltd
Estonia Development Ltd.
Shenyang Huiying Real Estate Co., Ltd
Heshan Country Garden Property Development Co., Ltd
Anhui Hexian Country Garden Property Development Co., Ltd
Shenyang Hunnan Xincheng Country Garden Property Development Co., Ltd
Taishan Country Garden Property Development Co., Ltd
Foshan Shunde Country Garden Property Development Co., Ltd
Shenyang Country Garden Property Development Co., Ltd
Enping Country Garden Property Development Co., Ltd
Foshan Gaoming Country Garden Property Development Co., Ltd
Jiangmen East Coast Country Garden Property Development Co., Ltd
Jiangmen Wuyi Country Garden Property Development Co., Ltd
Guangzhou Huadu Country Garden Property Development Co., Ltd
Foshan Nanhai Country Garden Property Development Co., Ltd
Guangzhou Country Garden Property Development Co., Ltd
Yangdong Country Garden Property Development Co., Ltd
Chaohu Zhongmiao Country Garden Water Services Co., Ltd
Foshan Shunde Finest Decoration & Design Enterprise
Yangjiang Hengda Real Estate Co., Ltd
Anhui Hexian Huarui Real Estate Co., Ltd
Guangdong Giant Leap Construction Co., Ltd
Zhaoqing Deye Construction Co., Ltd
Zhaoqing Country Garden Furniture Co., Ltd
Shenyang Dedi Real Estate Co., Ltd
Fogang Huaxin Real Estate Co., Ltd
Shenyang Yidong Real Estate Co., Ltd
Sichuan Hongyu Real Estate Co., Ltd
Tianjin Xinbi Investment Development Co., Ltd
Shenyang Bifeng Greenery Co., Ltd
Wuhan Bifeng Greenery Co. Ltd.
Chaohu Bifeng Greenery Co., Ltd
Foshan Shunde Xinbi Trading Co., Ltd
Tianjin Shunyin Greenery Co., Ltd
Laian Country Garden Property Development Co., Ltd
Yangshan Country Garden Property Development Co., Ltd
Subsidiary Guarantors

Business

Overview

We are one of the leading integrated property developers in the PRC, with substantially all of our assets and operations based in the PRC. Since the commencement of our property development activities in 1997, we have benefited from, and we expect to continue to benefit from, the growth in the property sector associated with the economic development in the PRC, particularly in Guangdong Province, which is one of the most affluent provinces and fastest growing economies in the PRC. Our primary business has been the development of large-scale residential community projects and the sale of various types of properties, including townhouses, apartment buildings, parking spaces and retail shops. The majority of our products are targeted towards end-user customers. As an integrated property developer, our lines of business also include construction, installation, fitting and decoration as well as property management. Our residential home projects are generally located in the suburban areas of first-tier cities and in the newly urbanized town centers of second- and third-tier cities.

As of December 31, 2010, we had 84 projects at various stages of development. Of these projects, 51 were located in Guangdong Province: 11 in Guangzhou City, eight in Foshan City, 10 in Jiangmen City, seven in Zhaoqing City and the remaining in various other cities. The other 33 projects were located outside Guangdong Province, spanning six provinces, two autonomous regions and two provincial level municipalities.

As of December 31, 2010, our projects had an aggregate completed GFA of approximately 21,994,377 sq.m. We had an aggregate GFA under development of approximately 14,376,748 sq.m. and an aggregate GFA of approximately 32,004,068 sq.m. relating to properties held for future development as of the same date. We have obtained land use rights certificates in respect of the completed GFA, GFA under development and GFA held for future development. In addition, as of December 31, 2010, we had entered into land grant contracts in respect of land located in 21 cities with an aggregate site area of approximately 10,052,278 sq.m. and an aggregate expected GFA of approximately 10,343,721 sq.m. for future development.

In addition, we expect to jointly develop the Asian Games Project in Guangzhou City with several other PRC real estate developers. The Asian Games Project occupies an estimated site area of approximately 2.6 million sq.m. and has been approved for the development of residential and commercial properties with a total planned GFA of approximately 4.4 million sq.m. The Asian Games Project will be developed through the Asian Games JV, in which we hold a minority equity interest. Because we hold only a minority interest in the Asian Games JV and detailed plans of the Asian Games Project have yet to be finalized, we have not taken the Asian Games Project into account when calculating the number of our projects, the site area or GFA data included herein. See "—Asian Games Project" for more details.

We also develop hotels to complement our residential properties. Most of these hotels are located in our large-scale residential community projects, which we believe have added value to such residential projects and enhanced our brand recognition. As of December 31, 2010, we had developed and were operating four five-star hotels and one four-star hotel, as well as 10 hotels which were developed in accordance with the five-star rating standard set forth in the "Star-Rating Standard for Tourist Hotels" (旅遊飯店星級的劃分與評定) issued by the PRC National Tourism

Administration. In addition, we have 21 hotels under construction in accordance with the five-star standard set forth in the "Star-Rating Standard for Tourist Hotels."

For the year ended December 31, 2010, our total revenue was RMB25,804.1 million (US$3,909.7 million) and our EBITDA was RMB7,378.7 million (US$1,118.0 million).

Our shares have been listed on the Hong Kong Stock Exchange since April 20, 2007 under stock code 2007. Our market capitalization as of December 31, 2010 was HK$49,763.4 million.

Competitive strengths

We are one of the largest property developers in the PRC with one of the largest, geographically diversified, and low-cost land bank

As of December 31, 2010, we had an aggregate GFA under development and for future development of approximately 46,380,816 sq.m. for which we have obtained all the relevant land use rights certificates, spanning seven provinces, two autonomous regions and two provincial level municipalities. In addition, as of December 31, 2010, we had entered into land grant contracts in respect of land with an aggregate site area of approximately 10,052,278 sq.m. for which we have applied for or were in the process of applying for land use rights certificates in 21 cities in China, with an aggregate expected GFA of approximately 10,343,721 sq.m. for future development. We expect that these new acquisitions will further increase the value and size of our land bank when we obtain the land use rights certificates.

We adopt a disciplined approach to land acquisition and development. We undertake market research and analysis as well as budget and financing planning prior to a land acquisition, which we believe enables us to exercise effective cost control. In addition, we continue to seek opportunities to acquire and develop land in close proximity to our existing mature projects. We believe such in-fill developments will lower potential execution risks given our experience with the local markets, service providers and target customers. Over the past three years, our average unit land cost based on GFA was approximately 10% of our average unit selling price. We believe our low-cost land bank not only supports our future profitability but also gives us greater flexibility to diversify our product portfolio, to cater to a broader customer base, and to respond more effectively to changing market conditions.

We have an established business model which we believe has been successfully replicated in the markets where we operate

We focus on developing large-scale residential communities in the suburban areas of first-tier cities as well as the newly urbanized town centers of second- and third-tier cities in the PRC where we believe have high-growth potential. We proactively seek to enhance the value of our properties by creating a better living environment through the provision of comprehensive community facilities and premium services in our master-planned communities. Our business model leverages on China's economic growth, increasing urbanization and rising standards of living. We believe that we have aligned our business development objectives with those of local governments, as our large-scale township developments raise the living standards of the local population and help improve the business environment of the local economies.

Over the last decade, we have successfully replicated our business model in 14 cities in Guangdong Province, with a total of 51 projects having an aggregate expected GFA of 39,794,448 sq.m. as of December 31, 2010. Since 2006, we have also started to implement our business model outside Guangdong Province, with a total of 33 projects having an aggregate expected GFA of 28,580,745 sq.m. as of December 31, 2010. We believe the success of Changsha Country Garden, Country Garden—Galaxy Palace, Tianjin Country Garden and Wuhu Country Garden, in particular, demonstrates our ability to replicate our business model and capitalize on our strong brand name in other provinces in China.

Our standardized operations enable us to provide high-quality and competitively priced products to our customers and to achieve quick asset turnover and attractive margins

We are one of the largest PRC property developers focusing on developing large-scale, multi-phase suburban residential communities in the PRC. We generally standardize principal features of our operations, such as land acquisition, project planning and design, procurement of raw materials, selection of contractors, sales and marketing and property management, which we believe enables us to:

- achieve economies of scale and increase operating efficiency through pooling internal resources, thereby helping to further improve our profit margins;
- ensure consistent product quality;
- strengthen our bargaining power with suppliers and contractors to obtain good quality supplies and services at relatively low costs, which help increase our pricing flexibility;
- smoothen project execution to achieve quick asset turnover; and
- respond rapidly to changes in market environment.

We believe that a combination of our strong brand recognition, high quality product mix and competitive pricing model have enabled us to pre-sell a substantial portion of the properties in our projects.

We maintain a robust liquidity position and have a strong credit profile

We actively manage our liquidity position by taking into account our development plans, capital needs and available cash and financing options. As of December 31, 2008, 2009 and 2010, our cash and cash equivalents amounted to RMB3.0 billion, RMB4.6 billion and RMB5.1 billion, respectively. We believe our quick asset turnover model has enabled our projects to generate positive cash flow in a relatively short period after commencement of development to support further developments.

We believe we have developed a strong credit profile over the years relative to our peers and have become a preferred customer of a number of major commercial banks in the PRC. We also have access to the international capital markets through debt, equity and equity-linked offerings. While we have a strong credit profile, we closely monitor our leverage ratio with a view to maintaining a healthy capital structure.

We have a strong brand in Guangdong Province with increasing recognition nationwide

We believe our brand name "Country Garden" (碧桂園), as well as our guiding motto, "Country Garden—Giving you a five-star home" (碧桂園一給您一個五星級的家), have strong market recognition in Guangdong Province. We believe this market recognition is a result of our high quality products and services as we aim to provide our customers with not only pleasant and comfortable homes in a clean and safe environment, but also higher living standards supported by comprehensive community facilities and services such as restaurants and catering, shopping, sports and leisure, transportation, education and domestic assistance. This market recognition has helped us to achieve our leading position in the property market in Guangdong Province and to expand our operations into other PRC provinces. Since 2006, we have gradually expanded our operations into six provinces, two autonomous regions and two provincial level municipalities beyond Guangdong, and we believe we will receive increasing brand recognition in those markets. In 2006, we were one of the first two brands that were recognized by SAIC as "China's Well-Known Trademarks" in the property sector.

We aim to strengthen the confidence and trust of our customers in our products and services, and to secure repeat customers and referrals for us, through an emphasis on quality property management and post-sales services. We believe that our strong financial performance demonstrates the trust that we have built with our customers and the recognition of our brand name and the quality of our products.

We have a highly effective management structure, experienced management team and professional workforce

We have a centralized management structure. Our headquarters in Guangdong Province vertically manages the principal functions of our operations, including land acquisitions, project design, human resources, financing planning and raw material procurement. As we expand into markets outside Guangdong, we have delegated certain functions such as project management and marketing to our project companies to facilitate smooth project execution, thereby enabling them to cater to local characteristics, shorten development cycle and quickly respond to changes in local market conditions.

Our senior management team has extensive industry knowledge, management skills and operating experience. Most of our management have been with us since our inception. In particular, Yeung Kwok Keung, Yang Erzhu, Su Rubo, Zhang Yaoyuan and Ou Xueming, our co-founders, have remained as a cohesive team and have focused on our property development business since 1997. We believe management's interest is aligned with our interest given their substantial shareholding in our Company. As of December 31, 2010, our senior management (principally composed of our co-founders and their spouses) in aggregate held an approximate 79.3% interest in our Company. In addition, many members of our management team are trained or licensed architects or civil engineers. Ng Yi Kum, Estella, our chief financial officer, has over 15 years of experience in the property and finance industries and held a number of senior positions with publicly listed companies on the Hong Kong Stock Exchange before joining us in 2008. We have also recruited a large number of mid-level managers and professionals with property experience and/or relevant management skills.

Business strategies

Continue to focus on core property development business with a well balanced mix of property developments within and outside Guangdong Province

We intend to continue to grow our core property development business. We will actively look for suitable opportunities to develop large-scale residential communities in suburban areas of first-tier cities as well as attractive opportunities in the newly urbanized town centers of second- and third-tier cities where we believe have high-growth potential. We believe this strategy is not only in line with China's urbanization trend of expanding existing urban boundaries of major cities and creating new urban clusters around second- and third-tier cities, but also complements our successful formula of controlling costs through our low-cost land bank, large-scale production and quick asset turnover.

Since 2006, we have gradually expanded our operations outside Guangdong Province into six other provinces, two autonomous regions and two provincial level municipalities. We believe our geographical diversification efforts have provided us with a well balanced mix of property developments within and outside Guangdong Province. Guangdong Province, which is one of the most affluent provinces and fastest growing economies in China, will remain our principal market. Guangdong Province recorded a GDP per capita of approximately RMB41,166 in 2009, which is significantly higher than the national average. We intend to continue to leverage our local knowledge and market reputation in Guangdong Province to further grow our business there. At the same time, we will continue to develop our existing projects in markets outside Guangdong Province, which have seen increased average selling prices over the years. Where suitable opportunities arise, we will also acquire more land and enter into new markets with high growth potential.

We also intend to continue to develop high quality hotels in our large residential communities, as we believe they enhance the value and attractiveness of our residential community projects. We believe this strategy also improves our competitiveness during the land tender process, as high quality hotels are seen by local governments of second- and third-tier cities as an important feature to attract visitors and improve the commercial appeal of the environment. We may consider engaging, and are currently in discussions with, certain international management firms to manage some of our hotels to further enhance the value of our hotel properties.

Continue to focus on developing properties having an attractive value-to-price ratio

We intend to continue to focus on our strategy of providing our customers with high-value properties at competitive prices. We will continue to leverage on our expertise and industry experience to develop large-scale integrated residential communities featuring value-added facilities and services that cater to a broad end user driven customer base. Our facilities include clubhouses, hotels, supermarkets, schools, clinics, sports and recreational facilities as well as food and beverage outlets, and our services include childcare, domestic assistance, property management, security and shuttle bus services for residents both within the projects as well as from projects to city centers. We endeavor to develop and refine our product design to accommodate changing market conditions and consumer preference. We will also encourage creativity and innovation in our product design through collaboration between our in-house experts and third-party professionals.

Maintain prudent financial management policies

We will continue to closely monitor our capital and cash positions, gauge our development scale and time our land acquisition and development schedule accordingly. We have budget and financing planning and cash management at the project level as well as the group level. We will continue to carefully manage our development cost for each project during the course of its development, with an emphasis on cost reduction and cost efficiency. We will actively manage our sales and pre-sales to ensure adequate cash flow for our ongoing capital requirements. We will also remain disciplined in our capital commitments and seek to maintain a balanced capital structure.

Further strengthen our leading position and brand name recognition nationwide

We plan to further strengthen our leading position and our "Country Garden" brand name recognition in Guangdong Province and across China. To distinguish ourselves from our competitors, we plan to continue to promote the "five-star home" motto and apply this to the services offered to our existing and prospective customers to improve the living environment of our customers. We will continue to encourage our existing customers to refer potential purchasers to us through incentive schemes such as waiving property management fees.

Enhance effective internal management and controls

We intend to continue to adopt the best practices and standards in the industry for corporate governance and internal controls, drawing on senior management's expertise and experience to facilitate our operations and expansion. We intend to further streamline our internal management functions by clearly defining the responsibilities of each operating unit to ensure orderly and efficient operations and rapid responses to changes in market conditions.

We will continue to incentivize our management and employees and seek to attract and retain talent through a competitive remuneration package. We will continue to provide our employees with a variety of training and development programs to assist in their career development. We will also actively recruit new talent to optimize our human resources and enhance the productivity and competitiveness of our workforce.

Overview of our property developments

As of December 31, 2010, we had 84 projects at various stages of development. The following table sets forth the location of our projects as of such date.

Location	Number of projects	Location	Number of projects
Guangdong Province	**51**	**Jiangsu Province**	**2**
Guangzhou City	11	Taizhou City	1
Foshan City	8	Zhenjiang City	1
Jiangmen City	10	**Anhui Province**	**8**
Yangjiang City	1	Chaohu City	3
Shaoguan City	3	Anqing City	1
Zhaoqing City	7	Chizhou City	1
Huizhou City	2	Huangshan City	1
Shanwei City	1	Wuhu City	1
Maoming City	1	Chuzhou City	1
Qingyuan City	3	**Liaoning Province**	**6**
Yunfu City	1	Shenyang City	5
Dongguan City	1	Anshan City	1
Zhongshan City	1	**Inner Mongolia Autonomous Region**	**3**
Heyuan City	1	Hulunbei'er City	1
Hunan Province	**4**	Xing'anmeng City	1
Changsha City	3	Tongliao City	1
Yiyang City	1	**Heilongjiang Province**	**1**
Hubei Province	**5**	Suihua City	1
Wuhan City	1	**Guangxi Zhuang Autonomous Region**	**1**
Suizhou City	1	Yulin City	1
Jingmen City	1	**Chongqing**	**1**
Xianning City	2	**Tianjin**	**2**

In addition, we expect to jointly develop Asian Games Project in Guangzhou City with several other developers. The Asian Games Project occupies an estimated site area of approximately 2.6 million sq.m. and has been approved for the development of residential and commercial properties with a total GFA of approximately 4.4 million sq.m. The Asian Games Project will be developed through the Asian Games JV, in which we hold a minority equity interest. Because we hold only a minority interest in the Asian Games JV and detailed plans of the Asian Games Project have yet to be finalized, we have not taken the Asian Games Project into account when calculating the number of our projects or the site area or GFA data included herein. See "—Asian Games Project."

We have obtained all the relevant long-term title certificates for land related to our completed properties and properties under development. Further, we have property interests derived from land use rights transfer agreements, compensation agreements or land grant contracts to develop residential properties in various cities in Guangdong Province, Changsha City, Xiangtan City and Yiyang City in Hunan Province, Shenyang City and Anshan City in Liaoning Province, Chaohu City and Chuzhou City in Anhui Province, Suizhou City, Jingmen City and Xianning City in Hubei Province, Wuxi City in Jiangsu Province and Hangzhou City in Zhejiang Province, with an aggregate site area of approximately 10,052,278 sq.m. As of December 31, 2010, we had not obtained land use rights certificates in respect of these parcels of land and these land parcels were vacant land for future development purposes.

The relevant properties in a property development project are treated as completed when the local government authorities issue a Construction of Properties and Municipal Infrastructure Completed Construction Works Certified Report (房屋建築工程和市政基礎設施工程竣工驗收備案表). The relevant properties in a property development project are treated as having received that certification when we have provided the relevant government authorities with, among other things, the following documents and when an official seal has been affixed to the inspection-for-completion form:

- Relevant approvals and acceptance documents from the bureau of planning, public security and fire services and environmental protection;
- Completed Construction Works Certified Report (建設工程竣工驗收報告);
- Construction Permit (建設工程施工許可證);
- Project Quality Assessment Report (工程質量評做報告);
- Quality Inspection Report on Investigation and Design Documentation (勘察、設計文件質量檢查報告); and
- Inspection Report on the Quality of Construction Projects (建設工程質量監督報告).

A property is treated as "under development" immediately following the issuance of the Construction Permit until the time of issuance of the Certification of Completion.

Unless otherwise indicated, we have obtained the relevant land use rights certificates for our properties referred to herein. As our projects typically comprise multiple-phase developments that are developed on a rolling basis, a single project may include a number of phases that are variously completed, still under development or held for future development.

The site area information for an entire project is based on the relevant land use rights certificates. The aggregate GFA of an entire project is calculated by multiplying its site area by:

- the plot ratio specified in other approval documents from the local governments relating to the project;
- the maximum permissible plot ratio as specified in the relevant land grant contracts; or
- such lower plot ratio as we reasonably expect to be able to develop for such project.

The aggregate GFA of a project includes both saleable and non-saleable GFA. Non-saleable GFA refers to certain communal facilities, including transformer rooms and guard houses.

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

The project names used herein are the names that we have used, or intend to use, to market our properties.

The following table sets forth the information of our 84 projects as of December 31, 2010:

Project	City (District)	Types of products	Aggregate GFA for entire project	Interest attributable to the Company	Completed property developments: Completed GFA(1)	Completed property developments: Total completed saleable GFA(1)	Completed property developments: Total saleable GFA sold and delivered(1)	Completed property developments: Total saleable GFA pre-sold pending delivery(1)	Completed property developments: Completion Date	Properties under development: GFA under development(2)	Properties under development: Total saleable GFA under development(3)	Properties under development: Actual/ Estimated commencement date	Properties under development: Total saleable GFA pre-sold(3)	Properties under development: Actual/ Estimated pre-sale commencement date	Properties under development: Estimated Completion Date	Properties for future development: GFA for future development(4)	Properties for future development: Actual/ Estimated commencement date	Properties for future development: Actual/ Estimated pre-sale commencement date	Properties for future development: Estimated Completed Date
			(sq.m)	(%)	(sq.m)	(sq.m)	(sq.m)	(sq.m)		(sq.m)	(sq.m)		(sq.m)			(sq.m)			
Guangdong Province																			
Country Garden East Court (碧桂園東苑)	Guangzhou (Panyu)	low-rise apartment buildings, retail shops	269,222	100%	240,550	238,860	234,999	79	Jun-29-2002	—	—	—	—	—	—	28,672	1st Quarter 2012	3rd Quarter 2012	2nd Quarter 2013
Shawan Country Garden (沙灣碧桂園)	Guangzhou (Panyu)	villas, townhouses, high-rise apartment buildings, parking spaces	278,834	100%	278,834	273,702	273,702	—	Dec-31-2009	—	—	—	—	—	—	—	—	—	—
Huanan Country Garden—Phases One to Five and Phase Seven (華南碧桂園—一至五期及七期)	Guangzhou (Panyu)	villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	1,073,825	100%	977,972	884,588	884,235	—	Jun-25-2010	95,853	75,156	Dec-7-2009	65,177	Aug-17-2010	4th Quarter 2011	—	—	—	—
Huanan Country Garden—Phase Six (華南碧桂園－六期)	Guangzhou (Panyu)	villas, townhouses, high-rise apartment buildings, retail shops, parking spaces	423,467	50%	408,391	407,612	407,552	—	Dec-20-2007	1,076	—	Oct-15-2004	—	—	4th Quarter 2011	14,000	1st Quarter 2012	—	4th Quarter 2012
Licheng Country Garden (荔城碧桂園)	Guangzhou (Zengcheng)	villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	568,729	100%	568,729	550,765	537,689	—	Jun-30-2010	—	—	—	—	—	—	—	—	—	—
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	4,688,212	100%	3,052,344	2,910,553	2,874,428	1,363	Oct-13-2010	953,256	916,129	Apr-29-2007	360,377	Apr-30-2008	3rd Quarter 2012	682,612	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2013
Nansha Country Garden (南沙碧桂園)	Guangzhou (Nansha)	villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	515,889	100%	515,889	491,002	486,594	—	Jun-28-2010	—	—	—	—	—	—	—	—	—	—
Country Garden Grand Palace (碧桂園豪庭)	Guangzhou (Nansha)	townhouses, high-rise apartment buildings	165,342	100%	—	—	—	—	—	165,342	153,987	Apr-22-2010	17,687	Oct-8-2010	3rd Quarter 2012	—	—	—	—
Holiday Islands—Huadu (假日半島—花都)	Guangzhou (Huadu)	villas, townhouses, low-rise apartment buildings	444,596	100%	328,533	326,533	234,545	3,021	Dec-20-2010	95,102	77,318	May-11-2006	15,534	Apr-29-2010	3rd Quarter 2011	20,961	1st Quarter 2012	2nd Quarter 2012	2nd Quarter 2013
Country Garden—Lychee Park (碧桂園·荔園)	Guangzhou (Zengcheng)	townhouses, low-rise apartment buildings, retail shops	88,837	100%	88,837	87,590	83,508	703	May-26-2010	—	—	—	—	—	—	—	—	—	—
Country Garden—Grand Garden (碧桂園·豪園)	Guangzhou (Zengcheng)	townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	402,713	100%	116,643	106,643	82,597	12,481	Nov-8-2010	284,415	282,031	Feb-10-2010	113,774	Apr-23-2010	4th Quarter 2011	1,655	1st Quarter 2011	—	4th Quarter 2011
Shunde Country Garden—including Country Garden West Court (順德碧桂園（含碧桂園西苑）)	Foshan (Shunde)	villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	2,414,783	100%	2,164,645	2,021,731	1,957,011	1,579	Oct-14-2010	244,011	111,615	Mar-26-2008	21,320	Sep-16-2010	3rd Quarter 2012	6,127	1st Quarter 2012	—	4th Quarter 2012
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	villas, townhouses, low-rise apartment buildings	254,509	90%	223,593	213,246	213,246	—	Oct-16-2008	864	864	Jan-6-2010	—	2nd Quarter 2011	3rd Quarter 2011	30,052	1st Quarter 2012	3rd Quarter 2012	4th Quarter 2012
Peninsula Country Garden (半島碧桂園)	Foshan (Shunde)	villas, townhouses, low-rise apartment buildings	294,330	100%	294,330	287,323	286,021	—	Apr-16-2008	—	—	—	—	—	—	—	—	—	—
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	villas, townhouses, low-rise apartment buildings, retail shops, parking spaces	1,007,953	100%	717,325	707,889	677,029	383	Oct-30-2010	277,628	275,103	May-31-2006	112,479	Apr-30-2010	3rd Quarter 2012	13,000	1st Quarter 2012	—	4th Quarter 2012
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	569,446	100%	488,748	477,954	475,956	—	Jun-1-2010	64,826	64,826	May-31-2006	64,826	Nov-7-2009	1st Quarter 2011	15,872	1st Quarter 2012	2nd Quarter 2012	4th Quarter 2012
Country Garden Wonderland (碧桂園山水桃園)	Foshan (Nanhai)	townhouses, low-rise apartment buildings, high-rise apartment buildings	144,110	100%	—	—	—	—	—	144,110	143,301	Dec-22-2009	24,739	Sep-30-2010	4th Quarter 2011	—	—	—	—
Country Garden City Garden (碧桂園城市花園)	Foshan (Chancheng)	high-rise apartment buildings, retail shops	586,291	90%	—	—	—	—	—	244,959	239,420	Jul-30-2010	—	1st Quarter 2011	4th Quarter 2012	341,332	1st Quarter 2011	4th Quarter 2011	2nd Quarter 2013
Country Garden Grand Palace (碧桂園豪庭)	Foshan (Shunde)	townhouses, high-rise apartment buildings, retail shops	370,340	100%	—	—	—	—	—	370,340	366,025	Feb-3-2010	67,296	Aug-23-2010	4th Quarter 2012	—	—	—	—
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	villas, townhouses, low-rise apartment buildings, retail shops, parking spaces	2,056,266	100%	1,302,614	1,236,965	931,830	294,952	Dec-30-2010	499,156	495,144	Aug-5-2009	76,731	Feb-8-2010	4th Quarter 2012	254,496	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Country Garden—Park Prime (碧桂園·公園1號)	Jiangmen (Heshan)	townhouses, low-rise apartment buildings, retail shops	217,183	100%	58,270	56,482	34,590	14,973	Dec-30-2010	101,952	101,952	Apr-22-2010	—	1st Quarter 2011	2nd Quarter 2012	56,961	4th Quarter 2011	3rd Quarter 2012	4th Quarter 2013
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, parking spaces	945,002	100%	688,755	652,976	649,069	—	Sep-29-2009	174,049	169,318	Apr-16-2010	70,588	Jul-14-2010	2nd Quarter 2012	82,198	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2012
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	588,759	100%	302,684	300,959	295,857	—	Aug-30-2010	279,181	277,533	Apr-16-2008	215,296	Sep-29-2009	1st Quarter 2012	6,894	1st Quarter 2011	—	1st Quarter 2012
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	villas, townhouses, low-rise apartment buildings, retail shops, parking spaces	2,629,915	100%	488,494	469,551	372,299	19,979	Dec-24-2010	394,757	386,893	May-24-2006	87,385	Jul-10-2008	4th Quarter 2012	1,746,664	1st Quarter 2011	3rd Quarter 2011	1st Quarter 2015
Enping Country Garden (恩平碧桂園)	Jiangmen (Enping)	townhouses, low-rise apartment buildings, retail shops	319,289	100%	212,677	206,068	149,403	5,697	Dec-2-2010	9,288	9,088	Dec-13-2007	—	Aug-28-2008	2nd Quarter 2011	97,324	1st Quarter 2011	4th Quarter 2011	4th Quarter 2012

Project	City (District)	Types of products	Aggregate GFA for entire project	Interest attributable to the Company	Completed property developments: Completed GFA[1]	Total completed saleable GFA[1]	Total saleable GFA sold and delivered[1]	Total saleable GFA pre-sold pending delivery[1]	Completion Date	Properties under development: GFA under development[2]	Total saleable GFA under development[3]	Actual/ Estimated commencement date	Total saleable GFA pre-sold[3]	Actual/ Estimated pre-sale commencement date	Estimated Completion Date	Properties for future development: GFA for future development[4]	Actual/ Estimated commencement date	Actual/ Estimated pre-sale commencement date	Estimated Completed Date
			(sq.m)	(%)	(sq.m)	(sq.m)	(sq.m)	(sq.m)		(sq.m)	(sq.m)		(sq.m)			(sq.m)			
Country Garden—Sunshine Coast (碧桂園·陽光水岸)	Jiangmen (Kaiping)	townhouses, low-rise apartment buildings, retail shops, parking spaces	48,816	100%	17,435	17,435	—	14,757	Dec-15-2010	31,381	31,011	Nov-4-2009	26,891	Apr-16-2010	1st Quarter 2011	—	—	—	—
Jianghai Country Garden (江海碧桂園)	Jiangmen (Jianghai)	townhouses	456,659	100%	—	—	—	—	—	54,447	52,842	Mar-31-2010	32,020	Sep-29-2010	2nd Quarter 2011	402,212	1st Quarter 2011	1st Quarter 2011	4th Quarter 2014
Xinhui Country Garden—Phase Four (新會碧桂園－四期)	Jiangmen (Xinhui)	townhouses	407,998	100%	—	—	—	—	—	139,608	139,171	Mar-24-2010	—	Sep-21-2010	3rd Quarter 2012	268,390	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Country Garden—Hill Lake Grand Palace (碧桂園·山水豪園)	Jiangmen (Heshan)	townhouses, low-rise apartment buildings	754,265	80%	—	—	—	—	—	—	—	—	—	—	—	754,265	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Yangdong Country Garden (陽東碧桂園)	Yangjiang (Yangdong)	villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	390,847	100%	390,847	370,202	361,415	36	Dec-21-2010	—	—	—	—	—	—	—	—	—	—
Zhaoqing Lanling Residence (肇慶藍領公寓)	Zhaoqing (Gaoxin)	low-rise apartment buildings, retail shops	186,145	100%	186,145	109,234	4,061	—	Jun-26-2009	—	—	—	—	—	—	—	—	—	—
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	468,826	51%	329,743	313,818	312,784	—	Dec-22-2010	3,183	3,183	Oct-8-2006	341	Sep-20-2010	3rd Quarter 2011	135,900	1st Quarter 2011	2nd Quarter 2012	2nd Quarter 2013
Zhaoqing Country Garden—Hill Lake Palace (肇慶碧桂園·山湖城)	Zhaoqing (Gaoyao)	townhouses, retail shops	240,422	51%	101,517	96,148	82,721	4,303	Oct-29-2010	97,534	97,279	Jun-1-2009	26,084	Nov-13-2009	2nd Quarter 2012	41,371	1st Quarter 2011	3rd Quarter 2011	2nd Quarter 2012
Sihui Country Garden (四會碧桂園)	Zhaoqing (Sihui)	townhouses, low-rise apartment buildings, retail shops	47,102	100%	47,102	45,492	43,170	873	Jun-30-2010	—	—	—	—	—	—	—	—	—	—
Huaiji Country Garden (懷集碧桂園)	Zhaoqing (Huaiji)	townhouses, low-rise apartment buildings, retail shops	126,838	100%	—	—	—	—	—	126,838	125,490	Oct-29-2009	81,690	Apr-17-2010	3rd Quarter 2011	—	—	—	—
Deqing Country Garden (德慶碧桂園)	Zhaoqing (Deqing)	townhouses, low-rise apartment buildings	203,094	100%	—	—	—	—	—	98,313	98,014	May-17-2010	57,261	May-28-2010	2nd Quarter 2011	104,781	2nd Quarter 2011	3rd Quarter 2011	4th Quarter 2012
Fengkai Country Garden (封開碧桂園)	Zhaoqing (Fengkai)	townhouses, high-rise apartment buildings, retail shops	218,087	100%	—	—	—	—	—	73,739	70,547	Oct-14-2010	—	2nd Quarter 2011	2nd Quarter 2012	144,348	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Huiyang Country Garden (惠陽碧桂園)	Huizhou (Huiyang)	townhouses, low-rise apartment buildings, retail shops	1,233,544	90%	187,644	186,760	162,774	4,525	Dec-31-2010	331,589	312,743	Aug-22-2007	52,895	Apr-30-2010	4th Quarter 2012	714,311	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2013
Country Garden—Ten Miles Coast (碧桂園·十里銀灘)	Huizhou (Huidong)	townhouses, high-rise apartment buildings	3,487,487	100%	—	—	—	—	—	—	—	—	—	—	—	3,487,487	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2015
Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	442,545	100%	144,422	138,384	132,352	352	Dec-30-2010	137,444	135,517	Nov-11-2009	131,944	Nov-13-2009	3rd Quarter 2011	160,679	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	townhouses, low-rise apartment buildings, retail shops, parking spaces	1,962,202	100%	963,836	950,471	754,649	94,273	Dec-30-2010	276,171	269,068	Jan-17-2007	31,882	Sep-29-2007	2nd Quarter 2012	722,195	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2015
Lechang Country Garden (樂昌碧桂園)	Shaoguan (Lechang)	townhouses, low-rise apartment buildings, retail shops	496,640	100%	89,516	89,158	47,066	10,507	Aug-27-2010	94,697	90,176	Apr-11-2008	21,268	Oct-21-2008	4th Quarter 2011	312,427	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2014
Shaoguan Country Garden—Sun Palace (韶關碧桂園·太陽城)	Shaoguan (Xilian)	townhouses, low-rise apartment buildings, retail shops	3,531,899	100%	149,323	145,123	138,115	949	Dec-30-2010	161,321	160,557	Dec-28-2009	75,611	Feb-9-2010	4th Quarter 2011	3,221,255	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2024
Maoming Country Garden (茂名碧桂園)	Maoming (Maonan)	townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	390,201	100%	139,559	133,432	70,282	31,442	Dec-24-2010	160,876	160,472	Apr-8-2010	26,475	May-7-2010	4th Quarter 2012	89,766	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Yangshan Country Garden (陽山碧桂園)	Qingyuan (Yangshan)	townhouses, low-rise apartment buildings, retail shops	773,145	100%	59,686	57,477	43,940	7,525	Oct-29-2010	47,140	46,958	Apr-1-2010	28,266	Jun-8-2010	3rd Quarter 2011	666,319	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2013
Holiday Islands—Qingyuan (假日半島—清遠)	Qingyuan (Qingcheng)	townhouses	436,048	100%	—	—	—	—	—	436,048	434,308	Nov-11-2009	262,015	Nov-18-2009	4th Quarter 2011	—	—	—	—
Country Garden—Spring City (碧桂園·清泉城)	Qingyuan (Fogang)	townhouses, high-rise apartment buildings	480,044	100%	—	—	—	—	—	69,035	69,035	Apr-2-2010	—	2nd Quarter 2011	3rd Quarter 2011	411,009	1st Quarter 2011	3rd Quarter 2011	2nd Quarter 2013
Dalang Country Garden (大朗碧桂園)	Dongguan (Dalang)	townhouses, low-rise apartment buildings	383,020	100%	—	—	—	—	—	383,020	373,293	Apr-27-2010	69,726	Nov-20-2010	3rd Quarter 2012	—	—	—	—
Yunfu Country Garden (雲浮碧桂園)	Yunfu (Jinshan)	townhouses	125,371	100%	—	—	—	—	—	59,829	59,550	May-7-2010	43,229	Oct-30-2010	1st Quarter 2012	65,542	1st Quarter 2011	2nd Quarter 2011	1st Quarter 2013
Heyuan Country Garden (河源碧桂園)	Heyuan (Yuancheng)	townhouses, low-rise apartment buildings	1,105,475	100%	—	—	—	—	—	—	—	—	—	—	—	1,105,475	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2014
Country Garden Grand Lake (碧桂園秀麗湖)	Zhongshan (Wuguishan)	townhouses	79,886	100%	—	—	—	—	—	79,886	74,477	Sep-29-2010	—	2nd Quarter 2011	4th Quarter 2011	—	—	—	—
Hunan Province																			
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	943,028	100%	687,310	641,638	531,475	8,872	Nov-2-2010	175,024	174,344	Nov-25-2009	11,813	Jul-5-2010	2nd Quarter 2012	80,694	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2012

					Completed property developments					Properties under development						Properties for future development			
Project	City (District)	Types of products	Aggregate GFA for entire project	Interest attributable to the Company	Completed GFA(1)	Total completed saleable GFA(1)	Total saleable GFA sold and delivered(1)	Total saleable GFA pre-sold pending delivery(1)	Completion Date	GFA under development(2)	Total saleable GFA under development(3)	Actual/ Estimated commencement date	Total saleable GFA pre-sold(3)	Actual/ Estimated pre-sale commencement date	Estimated Completion Date	GFA for future development(4)	Actual/ Estimated commencement date	Actual/ Estimated pre-sale commencement date	Estimated Completed Date
			(sq.m)	(%)	(sq.m)	(sq.m)	(sq.m)	(sq.m)		(sq.m)	(sq.m)		(sq.m)			(sq.m)			
Country Garden—Hill Lake Palace (碧桂園·山湖城)	Changsha (Ningxiang)	townhouses, low-rise apartment buildings, retail shops	640,702	100%	230,307	229,117	103,721	8,144	Oct-25-2010	38,530	13,134	Dec-12-2007	—	4th Quarter 2011	4th Quarter 2011	371,865	2nd Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Liuyang Country Garden (瀏陽碧桂園)	Changsha (Liuyang)	townhouses, low-rise apartment buildings, retail shops	372,574	100%	95,142	91,238	61,556	9,236	Sep-30-2010	60,366	60,216	Apr-10-2010	11,077	Jul-15-2010	3rd Quarter 2011	217,066	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Yiyang Country Garden (益陽碧桂園)	Yiyang (Yiyang)	townhouses, low-rise apartment buildings, retail shops	549,035	100%	97,410	96,894	39,600	22,673	Dec-9-2010	33,314	33,314	Apr-28-2010	27,172	Apr-30-2010	2nd Quarter 2011	418,311	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2013
Jiangsu Province																			
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	townhouses, high-rise apartment buildings	774,855	100%	399,793	385,472	234,553	27,498	Dec-3-2010	222,773	214,271	Jun-27-2007	36,317	Dec-1-2008	2nd Quarter 2012	152,289	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2013
Country Garden—Phoenix City (碧桂園·鳳凰城)	Zhenjiang (Jurong)	townhouses, high-rise apartment buildings	542,392	100%	—	—	—	—	—	—	—	—	—	—	—	542,392	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2012
Hubei Province																			
Wuhan Country Garden (武漢碧桂園)	Wuhan (Hannan)	townhouses, low-rise apartment buildings, high-rise apartment buildings	783,282	100%	208,159	206,102	155,085	6,844	Nov-3-2010	447,531	414,318	Jan-30-2008	30,908	Sep-28-2009	4th Quarter 2013	127,592	2nd Quarter 2011	1st Quarter 2012	4th Quarter 2013
Xianning Country Garden (咸寧碧桂園)	Xianning (Xian'an)	townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	440,243	100%	164,365	160,988	95,919	2,965	Jun-25-2010	71,743	71,286	May-23-2008	13,506	Dec-8-2009	3rd Quarter 2011	204,135	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2012
Country Garden—Hot Spring City (碧桂園·溫泉城)	Xianning (Xian'an)	townhouses, low-rise apartment buildings	531,278	100%	—	—	—	—	—	192,593	191,959	Feb-7-2010	121,597	Feb-10-2010	3rd Quarter 2011	338,685	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2013
Suizhou Country Garden (隨州碧桂園)	Suizhou (Chengnan)	townhouses, low-rise apartment buildings, retail shops	1,422,114	100%	212,657	208,260	126,416	23,716	Nov-15-2010	143,902	143,350	May-21-2008	28,869	Jun-23-2008	3rd Quarter 2011	1,065,555	2nd Quarter 2011	4th Quarter 2011	4th Quarter 2015
Jingmen Country Garden (荊門碧桂園)	Jingmen (Duodao)	townhouses, low-rise apartment buildings, retail shops	250,432	100%	95,351	94,828	91,009	940	Dec-29-2010	104,583	104,209	Sep-28-2009	91,640	Nov-20-2009	2nd Quarter 2011	50,498	1st Quarter 2011	2nd Quarter 2011	3rd Quarter 2012
Chongqing Municipality																			
Changshou Country Garden (長壽碧桂園)	Chongqing (Changshou)	townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	463,355	100%	387,110	366,541	284,522	45,049	Oct-22-2010	—	—	—	—	—	—	76,245	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2012
Anhui Province																			
Country Garden Lakeside City (碧桂園濱湖城)	Chaohu (Zhongmiao)	townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	765,053	100%	377,001	374,242	250,715	72,223	Dec-30-2010	280,961	277,685	Jan-29-2008	83,589	Jun-19-2009	4th Quarter 2011	107,091	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2012
Country Garden—Hill Lake City (碧桂園·如山湖城)	Chaohu (Hexian)	townhouses, high-rise apartment buildings	1,000,756	100%	99,751	99,751	—	46,120	Jun-28-2010	547,118	522,479	May-9-2008	239,623	Sep-21-2009	4th Quarter 2011	353,887	2nd Quarter 2011	4th Quarter 2011	4th Quarter 2013
Chaohu Country Garden (巢湖碧桂園)	Chaohu (Nan'an)	townhouses, low-rise apartment buildings, high-rise apartment buildings	685,317	100%	132,882	132,882	104,741	17,156	Dec-30-2010	173,153	169,691	May-16-2008	80,760	Nov-11-2008	4th Quarter 2012	379,282	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2014
Anqing Country Garden (安慶碧桂園)	Anqing (Anqing)	townhouses, low-rise apartment buildings, retail shops, parking spaces	1,733,346	100%	290,173	288,199	257,427	2,442	Dec-10-2010	251,868	200,278	Jun-19-2008	39,076	Apr-30-2010	4th Quarter 2012	1,191,305	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2014
Chizhou Country Garden (池州碧桂園)	Chizhou (Chizhou)	townhouses, low-rise apartment buildings	345,091	100%	98,897	97,332	84,126	788	Jul-29-2010	131,304	131,304	Jan-27-2008	59,654	Sep-28-2008	4th Quarter 2011	114,890	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2012
Huangshan Country Garden (黃山碧桂園)	Huangshan (Huangshan)	townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	333,319	100%	238,311	231,211	159,001	49,425	Oct-30-2010	50,559	46,206	Feb-2-2010	4,471	Oct-28-2010	4th Quarter 2011	44,449	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2012
Wuhu Country Garden (蕪湖碧桂園)	Wuhu (Sanshanqu)	townhouses, low-rise apartment buildings, high-rise apartment buildings	2,569,041	100%	359,383	351,354	213,940	62,862	Dec-15-2010	452,192	428,185	Jun-25-2008	102,926	Sep-18-2008	2nd Quarter 2012	1,757,466	1st Quarter 2011	4th Quarter 2011	4th Quarter 2018
Chuzhou Country Garden (provisional name) (滁州碧桂園（暫定名）)	Chuzhou (Nanqiao)	townhouses, high-rise apartment buildings	1,439,426	100%	—	—	—	—	—	444,172	438,780	Oct-12-2010	—	3rd Quarter 2011	4th Quarter 2012	995,254	1st Quarter 2011	4th Quarter 2011	1st Quarter 2015
Liaoning Province																			
Country Garden—Sun Palace (碧桂園·太陽城)	Shenyang (Daoyi)	townhouses, high-rise apartment buildings	1,060,264	100%	217,773	214,784	160,041	3,684	Oct-26-2010	284,232	278,032	Nov-6-2007	915	Sep-11-2009	4th Quarter 2012	558,259	2nd Quarter 2011	4th Quarter 2011	4th Quarter 2014
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Huashan)	townhouses, low-rise apartment buildings, retail shops, parking spaces	1,457,428	100%	232,843	232,812	148,969	1,514	Oct-27-2010	162,847	159,577	Jul-21-2007	3,698	Jun-3-2008	4th Quarter 2012	1,061,738	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2015
Country Garden—Galaxy Palace (碧桂園·銀河城)	Shenyang (Yuhong)	townhouses, high-rise apartment buildings, retail shops	1,703,469	100%	334,420	318,530	278,330	3,493	Nov-29-2010	394,801	393,790	Mar-19-2008	52,418	Sep-25-2008	4th Quarter 2012	974,248	2nd Quarter 2011	3rd Quarter 2011	4th Quarter 2015
Country Garden—Phoenix City (碧桂園·鳳凰城)	Shenyang (Sujiatun)	townhouses, high-rise apartment buildings, retail shops	1,171,482	100%	232,334	229,226	173,465	1,644	Aug-26-2010	891,309	885,838	Sep-24-2007	27,328	Nov-4-2008	2nd Quarter 2013	47,839	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2013
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Qipanshan)	townhouses	132,353	100%	—	—	—	—	—	—	—	—	—	—	—	132,353	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2012
Haicheng Country Garden (海城碧桂園)	Anshan (Haicheng)	townhouses, low-rise apartment buildings	602,308	100%	35,582	33,433	16,529	542	Sep-29-2010	351,490	351,490	Oct-25-2007	2,425	Jul-2-2010	4th Quarter 2012	215,236	2nd Quarter 2011	3rd Quarter 2011	4th Quarter 2013

					Completed property developments					Properties under development						Properties for future development			
Project	City (District)	Types of products	Aggregate GFA for entire project	Interest attributable to the Company	Completed GFA[1]	Total completed saleable GFA[1]	Total saleable GFA sold and delivered[1]	Total saleable GFA pre-sold pending delivery[1]	Completion Date	GFA under development[2]	Total saleable GFA under development[3]	Actual/ Estimated commencement date	Total saleable GFA pre-sold[3]	Actual/ Estimated pre-sale commencement date	Estimated Completion Date	GFA for future development[4]	Actual/ Estimated commencement date	Actual/ Estimated pre-sale commencement date	Estimated Completed Date
			(sq.m)	(%)	(sq.m)	(sq.m)	(sq.m)	(sq.m)		(sq.m)	(sq.m)		(sq.m)			(sq.m)			
Inner Mongolia Autonomous Region																			
Manzhouli Country Garden (滿洲里碧桂園)	Hulunbeier (Manzhouli)	townhouses, low-rise apartment buildings, parking spaces	1,589,271	100%	83,864	83,569	43,338	3,592	Nov-30-2009	292,187	286,253	Jul-23-2007	—	2nd Quarter 2011	3rd Quarter 2012	1,213,220	1st Quarter 2012	2nd Quarter 2012	4th Quarter 2024
Tongliao Country Garden (通遼碧桂園)	Tongliao (Keerqin)	townhouses, low-rise apartment buildings, retail shops, parking spaces	1,664,109	100%	159,418	158,723	120,595	1,948	Nov-22-2010	300,896	297,992	Nov-3-2007	—	Sep-2-2008	4th Quarter 2012	1,203,795	1st Quarter 2012	3rd Quarter 2012	4th Quarter 2016
Xing'anmeng Country Garden (興安盟碧桂園)	Xing'anmeng (Keyouqianqi)	townhouses, low-rise apartment buildings	941,301	100%	108,535	101,388	61,433	2,042	Oct-13-2010	196,864	196,864	Sep-20-2007	24,721	Aug-11-2010	4th Quarter 2012	635,902	1st Quarter 2012	2nd Quarter 2012	4th Quarter 2016
Heilongjiang Province																			
Suihua Country Garden (綏化碧桂園)	Suihua (Beilin)	townhouses, low-rise apartment buildings, retail shops, parking spaces	254,383	100%	89,974	89,551	43,634	1,059	Jul-29-2010	30,535	30,535	Sep-25-2008	235	Sep-20-2010	2nd Quarter 2012	133,874	2nd Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Tianjin Municipality																			
Tianjin Country Garden (天津碧桂園)	Tianjin (Balitai)	townhouses, low-rise apartment buildings, high-rise apartment buildings	974,316	100%	—	—	—	—	—	270,756	241,867	Jun-12-2010	—	Jul-9-2010	3rd Quarter 2012	703,560	1st Quarter 2011	3rd Quarter 2011	3rd Quarter 2014
Tianjin Tanggu District Office Building (天津塘沽區寫字樓)	Tianjin (Tanggu)	offices	114,504	100%	—	—	—	—	—	—	—	—	—	—	—	114,504	2nd Quarter 2011	—	4th Quarter 2012
Guangxi Zhuang Autonomous Region																			
Beiliu Country Garden (北流碧桂園)	Yulin (Beiliu)	townhouses, low-rise apartment buildings, retail shops	330,918	100%	—	—	—	—	—	116,881	110,684	Feb-2-2010	48,615	Sep-9-2010	4th Quarter 2011	214,037	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Total:			68,375,193		21,994,377	21,080,191	18,135,629	951,223		14,376,748	13,817,325		3,560,177			32,004,068			

Notes:

(1) "Completed GFA", "Total completed saleable GFA" and "Total saleable GFA sold" for completed property developments are based on the surveying reports issued by relevant government departments.

(2) "GFA under development" is based in the actual measurements by the housing management department of the Group.

(3) "Total saleable GFA under development" and "Total saleable GFA pre-sold" for properties under development are derived from the Commodity Properties Pre-sale Permit.

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

As of December 31, 2010, our project companies had entered into land grant contracts or land grant confirmation letters in respect of land in various cities in Guangdong Province; Changsha City, Xiangtan City, and Yiyang City in Hunan Province; Shenyang City and Anshan City in Liaoning Province; Chaohu City and Chuzhou City in Anhui Province; Suizhou City, Jingmen City and Xianning City in Hubei Province; Wuxi City in Jiangsu Province and Hangzhou City in Zhejiang Province. These parcels of land have an aggregate site area of approximately 10,052,278 sq.m., and an aggregate expected GFA of approximately 10,343,721 sq.m. As of December 31, 2010, we had not obtained land use rights certificates in respect of these parcels of land. Although Jingtian, our PRC legal advisor, has advised us that there are no material legal impediments to obtaining land use rights certificates for these parcels of land after full payment of their land premium according to the relevant land grant contracts, we are uncertain that we will obtain the land use rights certificates in respect of these parcels of land in a timely manner or at all. Further, we have not commenced any construction or preparation of construction relating to these parcels of land, nor do we have any detailed plans for them.

The table below shows the location, site area and expected developable aggregate GFA, for each of these parcels of land as of December 31, 2010. The site area information for these parcels of land is based on the relevant land grant contracts or public auction confirmation.

Location	Site Area	Expected developable aggregate GFA
Guangdong Province		
Foshan City (Gaoming), Guangdong Province	387,933	350,000
Jiangmen City (Heshan), Guangdong Province	41,316	41,316
Zhaoqing City (Gaoyao), Guangdong Province	48,354	48,354
Shaoguan City (Lechang), Guangdong Province	225,660	166,518
Shanwei City (Shanwei), Guangdong Province	278,765	349,893
Shaoguan City (Xilian), Guangdong Province	138,831	138,831
Zhaoqing City (Sihui), Guangdong Province	101,227	82,043
Maoming City (Maonan), Guangdong Province	35,040	25,579
Guangzhou City (Zengcheng), Guangdong Province	365,581	548,371
Yunfu City (Jinshan), Guangdong Province	202,768	269,355
Maoming City (Dianbai), Guangdong Province	2,666,667	2,084,735
Shanwei City (Haifeng), Guangdong Province	168,092	238,691
Foshan City (Shunde), Guangdong Province	108,175	302,890
Meizhou City (Meijiang), Guangdong Province	206,087	309,131
Anhui Province		
Chaohu City (Zhongmiao), Anhui Province	570,236	366,352
Chaohu City (Hexian), Anhui Province	832,213	416,600
Chaohu City (Nan'an), Anhui Province	46,360	46,360
Chuzhou City (Laian), Anhui Province	208,826	626,477
Liaoning Province		
Shenyang City (Yuhong), Liaoning Province	424,255	941,846
Shenyang City (Sujiatun), Liaoning Province	507,801	559,245
Anshan City (Haicheng), Liaoning Province	96,720	124,177
Shenyang City (Qipanshan), Liaoning Province	44,341	34,586
Jiangsu Province		
Wuxi City (Xishan), Jiangsu Province	189,767	379,534
Hubei Province		
Xianning City (Xian'an), Hubei Province (Xianning Country Garden)	111,731	76,535
Xianning City (Xian'an), Hubei Province (Country Garden - Hot Spring City)	558,787	407,639
Suizhou City (Chengnan), Hubei Province	92,407	99,327
Jingmen City (Duodao), Hubei Province	679,816	385,000
Hunan Province		
Yiyang City (Yiyang), Hunan Province	46,667	54,313
Changsha City (Liuyang), Hunan Province	428,340	356,032
Xiangtan City (Xiangtan), Hunan Province	173,804	330,000
Zhejiang Province		
Hangzhou City (Xiasha), Zhejiang Province	65,711	183,991
Total	**10,052,278**	**10,343,721**

On January 6, 2011, we signed a cooperation agreement with a third party, Qingyuan Xinya Property Development Co. Ltd (清遠新亞房地產開發有限公司). Pursuant to this agreement, we and such third party agree to establish a joint venture development company in which we will hold a 51% equity interest and the joint venture partner will hold the remaining 49% equity interest. Pursuant to the cooperation agreement, the joint venture development company will acquire from an affiliate of the joint venture partner land use rights in respect of a parcel of land in Qingyuan City, Guangdong Province with a site area of approximately 1.2 million square meters at a cash consideration of RMB2.7 billion. After the acquisition, we intend to jointly develop residential properties on this parcel of land with the joint venture partner through the joint venture development company.

On December 30, 2010, we signed a project cooperation agreement with another PRC real estate developer (the "Guangdong JV Partner"). Pursuant to this agreement, we and the Guangdong JV Partner will set up a project company to develop residential properties on a parcel of land in Guangdong Province with a site area of approximately 111,059 sq.m. and a planned GFA of approximately 66,632 sq.m. The Guangdong JV Partner will initially set up the project company as its wholly-owned subsidiary, then transfer a 50% equity interest in this company to us. As a result, we and the Guangdong JV Partner will each hold a 50% equity interest in the project company (the "Guangdong JV"). The total land premium for this parcel of land is approximately RMB504.0 million. In January 2011, we advanced approximately RMB259.6 million to the Guangdong JV Partner for payments towards the land premium. This advanced amount will be counted towards the transfer price for the transfer of the 50% equity interest in the Guangdong JV by the Guangdong JV Partner to us.

Description of our property projects

The following map shows the locations of our 84 projects as of December 31, 2010.

Guangdong

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

Guangxi

52. Beiliu Country Garden

Hunan

53. Changsha Country Garden
54. Country Garden — Hill Lake Palace
55. Yiyang Country Garden
56. Liuyang Country Garden

Chongqing

57. Changshou Country Garden

Hubei

58. Wuhan Country Garden
59. Xianning Country Garden
60. Suizhou Country Garden
61. Country Garden — Hot Spring City
62. Jingmen Country Garden

Jiangsu

63. Taizhou Country Garden
64. Country Garden — Phoenix City

Anhui

65. Country Garden Lakeside City
66. Chizhou Country Garden
67. Huangshan Country Garden
68. Wuhu Country Garden
69. Country Garden — Hill Lake City
70. Chaohu Country Garden
71. Anqing Country Garden
72. Chuzhou Country Garden (provisional name)

Tianjin

73. Tianjin Country Garden
74. Tianjin Tanggu District Office Building

Liaoning

75. Shenyang Country Garden
76. Country Garden — Phoenix City
77. Country Garden — Sun Palace
78. Country Garden — Galaxy Palace
79. Haicheng Country Garden
80. Shenyang Country Garden

Inner Mongolia

81. Manzhouli Country Garden
82. Xing'anmeng Country Garden
83. Tongliao Country Garden

Heilongjiang

84. Suihua Country Garden

The following sets forth brief descriptions of our 84 projects. The commencement date for a project or the commencement date for a phase of a project is the date we start construction of the first building of the project or phase of development. The completion date for a project or the completion date for a phase of a project is either the date we obtain the completion documents or the Construction of Properties and Municipal Infrastructure Completed Construction Works Certified Report (房屋建築工程和市政基礎設施工程竣工驗收備案表) from the local government authorities for the last building or phase of the project.

Guangzhou City, Guangdong Province

Country Garden East Court (碧桂園東苑)

Country Garden East Court is located at the intersection of Yushan West Road and 105 National Highway, Panyu, Guangzhou City. It is being developed by Guangzhou Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 220,943 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 269,222 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 191,044 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 240,550 sq.m. Construction of these properties commenced on June 16, 2000 and was completed on June 29, 2002. The completed properties comprise 2,761 residential units with an aggregate saleable GFA of approximately 235,251 sq.m. as well as 56 retail shops with an aggregate saleable GFA of approximately 3,609 sq.m. As of December 31, 2010, 2,758 residential units with an aggregate saleable GFA of approximately 234,999 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised three residential units with an aggregate saleable GFA of approximately 252 sq.m. and 56 retail shops with an aggregate saleable GFA of approximately 3,609 sq.m.

As of December 31, 2010, there was no property under development in Country Garden East Court.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 29,899 sq.m. and had an expected aggregate GFA of approximately 28,672 sq.m.

As of December 31, 2010, the total development costs of Country Garden East Court (including the costs of land acquisition and construction) were RMB701.4 million.

Country Garden East Court offers low-rise apartment buildings and retail shops. This development features Country Garden Farm, a commercial pedestrian street and fountain plaza.

Shawan Country Garden (沙灣碧桂園)

Shawan Country Garden is located at Shawan, Panyu, Guangzhou City. It is being developed by Guangzhou Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 307,266 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 278,834 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 307,266 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 278,834 sq.m. Construction of these properties commenced on February 14, 2001 and was completed on December 31, 2009. The completed properties comprise

2,093 residential units with an aggregate saleable GFA of approximately 273,702 sq.m. As of December 31, 2010, 2,093 residential units, with an aggregate saleable GFA of approximately 273,702 sq.m., had been sold and delivered.

As of December 31, 2010, there was no property under development or held for future development in Shawan Country Garden.

As of December 31, 2010, the total development costs of Shawan Country Garden (including the costs of land acquisition and construction) were RMB1,018.4 million.

Shawan Country Garden offers villas, townhouses, high-rise apartment buildings and parking spaces.

Huanan Country Garden—Phases One to Five and Phase Seven (華南碧桂園—一至五期及七期)

Huanan Country Garden—Phases One to Five and Phase Seven is located on Ying Bin Road, Nan Cun Town, Panyu District, Guangzhou City. It is being developed by Guangzhou Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 1,133,278 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,073,825 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 1,076,120 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 977,972 sq.m. Construction of these properties commenced on July 30, 1999 and was completed on June 25, 2010. The completed properties comprise 5,886 residential units with an aggregate saleable GFA of approximately 868,247 sq.m., as well as 161 retail shops with an aggregate saleable GFA of approximately 16,341 sq.m. As of December 31, 2010, 5,883 residential units, with an aggregate saleable GFA of approximately 867,954 sq.m., as well as 160 retail shops, with an aggregate saleable GFA of approximately 16,281 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised three residential units, with an aggregate saleable GFA of approximately 293 sq.m., and one retail shop, with an aggregate saleable GFA of approximately 60 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 57,158 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 95,853 sq.m. Construction of these properties commenced on December 7, 2009 and is expected to be completed in the fourth quarter 2011. Upon completion, there will be 697 residential units with an aggregate saleable GFA of approximately 75,156 sq.m.

As of December 31, 2010, there was no property held for future development in Huanan Country Garden—Phases One to Five and Phase Seven.

As of December 31, 2010, the total development costs of Huanan Country Garden—Phases One to Five and Phase Seven (including the costs of land acquisition and construction) were RMB3,330.5 million.

Huanan Country Garden—Phases One to Five and Phase Seven offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops and parking spaces. Huanan Country Garden—Phases One to Five and Phase Seven features a clubhouse, an auditorium, a swimming pool, tennis courts, a kindergarten, a primary school, badminton courts, basketball courts, Chinese restaurants, a supermarket, table-tennis rooms, snooker rooms and reading rooms.

Huanan Country Garden—Phases One to Five and Phase Seven has been awarded the title of Guangzhou Model Living Community For Property Development (廣東省物業管理示範住宅社區) by Guangdong Property Management Association (廣東省物業管理行業協會) and 2005 China (Guangzhou) Harmonious Residential Community (2005年中國廣州和諧人居社區) by Nanfang Daily (南方都市報), 2004 Creditworthy Property Sale Certificate (誠信售樓認證) by Guangdong Construction News of Yangchang Evening Post (羊城晚報業集團廣東建設報) and Guangdong Property Enterprise Creditworthy Alliance (廣東省房地產企業誠信聯盟發起企業) and 2003 Top Ten Brand Developer (南方十大最佳品牌開發商) by the Real Estate Magazine (房地產導刊社).

Huanan Country Garden—Phase Six (華南碧桂園一六期)

Huanan Country Garden—Phase Six is located on Ying Bin Road, Nan Cun Town, Panyu District, Guangzhou City. It is being developed by Guangzhou Huanan Country Garden Property Development Co., Ltd., a project company owned equally by us and Guangzhou Zhencheng Property Development Co., Ltd. The project occupies an aggregate site area of approximately 300,033 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 423,467 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 271,495 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 408,391 sq.m. Construction of these properties commenced on July 7, 2004 and was completed on December 20, 2007. The completed properties comprise 2,500 residential units with an aggregate saleable GFA of approximately 407,552 sq.m., as well as one retail shop with an aggregate saleable GFA of approximately 60 sq.m. As of December 31, 2010, 2,500 residential units, with an aggregate saleable GFA of approximately 407,552 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised one retail shop with an aggregate saleable GFA of approximately 60 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 538 sq.m., and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,076 sq.m. Construction of these properties commenced on October 15, 2004 and is expected to be completed in the fourth quarter of 2011.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 28,000 sq.m. and had an expected aggregate GFA of approximately 14,000 sq.m.

According to the articles of association of Guangzhou Huanan Country Garden Property Development Co., Ltd., dividend distribution of the company requires the approval of both joint venture partners.

As of December 31, 2010, the total development costs of Huanan Country Garden—Phase Six (including the costs of land acquisition and construction) were RMB1,472.0 million.

Huanan Country Garden—Phase Six offers various types of products, including villas, townhouses, high-rise apartment buildings, retail shops and parking spaces.

Licheng Country Garden (荔城碧桂園)

Licheng Country Garden is located on Fuqian Road, Licheng Town, Zengcheng District, Guangzhou City, close to Licheng Municipal Plaza. It is being developed by Zengcheng Country Garden Property Development Co., Ltd. ("Zengcheng Country Garden Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 808,391 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 568,729 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 808,391 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 568,729 sq.m. Construction of these properties commenced on August 31, 2001 and was completed on June 30, 2010. The completed properties comprise 3,302 residential units with an aggregate saleable GFA of approximately 520,063 sq.m., 372 retail shops with an aggregate saleable GFA of approximately 19,438 sq.m. and 1,308 parking spaces with an aggregate saleable GFA of approximately 11,264 sq.m. As of December 31, 2010, 3,281 residential units, with an aggregate saleable GFA of approximately 512,864 sq.m., 368 retail shops, with an aggregate saleable GFA of approximately 19,249 sq.m., and 383 parking spaces, with an aggregate saleable GFA of approximately 5,576 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 21 residential units, with an aggregate saleable GFA of approximately 7,199 sq.m., four retail shops, with an aggregate saleable GFA of approximately 189 sq.m., and 925 parking spaces, with an aggregate GFA of approximately 5,688 sq.m.

As of December 31, 2010, there was no property under development or held for future development in Licheng Country Garden.

As of December 31, 2010, the total development costs of Licheng Country Garden (including the costs of land acquisition and construction) were RMB1,766.7 million.

Licheng Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops and parking spaces. Licheng Country Garden features a lake, a clubhouse, an outdoor swimming pool, tennis courts, badminton courts, a basketball court, table-tennis rooms, an outdoor children's playground, reading rooms, a supermarket, a kindergarten and a commercial street.

Licheng Country Garden has been awarded the title of 2006 Excellent Real Estate Development for Mortgage (2006年優質按揭樓盤) by the Guangdong branch of China Construction Bank (中國建設銀行廣東省分行), 2004 Advanced Unit in Zengcheng for Driving Civilization in Guangdong Province (增城市創建廣東省文明城市先進單位) by the PRC Communist Party Committee of the People's Government of Zengcheng (增城市創建) and 2003 Zengcheng Model Living Community for Property Development (2003年增城市物業管理示範住宅小區) by Zengcheng State-owned Land and Property Bureau (增城市國城房產管理局).

Country Garden Phoenix City (碧桂園鳳凰城)

Country Garden Phoenix City is located in Xintang Town, Zengcheng District, Guangzhou City, close to Guangshen Highway. It is being developed by Zengcheng Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 6,139,895 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 4,688,212 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 5,332,785 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 3,052,344 sq.m. Construction of these properties commenced on November 5, 2001 and was completed on October 13, 2010. The completed properties comprise 16,580 residential units with an aggregate saleable GFA of approximately 2,854,229 sq.m., 652 retail shops with an aggregate saleable GFA of approximately 54,709 sq.m., and 128 parking spaces with an aggregate saleable GFA of approximately 1,615 sq.m. As of December 31, 2010, 16,437 residential units, with an aggregate saleable GFA of approximately 2,825,906 sq.m., 629 retail shops, with an aggregate saleable GFA of approximately 48,085 sq.m., and 32 parking spaces, with an aggregate saleable GFA of approximately 437 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 143 residential units with an aggregate saleable GFA of approximately 28,323 sq.m., 23 retail shops with an aggregate saleable GFA of approximately 6,624 sq.m., and 96 parking spaces with an aggregate GFA of approximately 1,178 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 466,962 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 953,256 sq.m. Construction of these properties commenced on April 29, 2007 and is expected to be completed in the third quarter 2012. Upon completion, there will be 6,012 residential units, with an aggregate saleable GFA of approximately 869,148 sq.m., 80 retail shops, with an aggregate saleable GFA of approximately 29,065 sq.m., and 355 parking spaces, with an aggregate saleable GFA of approximately 17,916 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 340,148 sq.m. and had an expected aggregate GFA of approximately 682,612 sq.m.

As of December 31, 2010, the total development costs of Country Garden Phoenix City (including the costs of land acquisition and construction) were RMB12,666.8 million.

Country Garden Phoenix City offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops and parking spaces. This development features Phoenix Island, an international rental community tailored for foreigners, the five-star Guangzhou Country Garden Phoenix City Hotel (廣州碧桂園鳳凰城酒店), Phoenix City Bilingual School (鳳凰城中英文學校), Lychee Cultural Village (荔枝文化村), a transportation hub, a recreational center, Dongmen Retail Street and clubhouses.

Country Garden Phoenix City has been awarded the title of 2007 Guangzhou Top Ten Most Popular Real Estate Development (2007年度廣州市民十大最喜歡樓盤) by Guangzhou Daily (廣州日報社), The Most Valuable Villa-Investment In Pearl River Delta (珠三角最具投資價值別墅) by Focus Real Estate Network (焦點房地產網) and Politics News (参政消息), Diamond Quality Real Estate Development (鑽石級優質樓盤) by China Construction Bank Guangdong Branch (中國建設銀行廣東省分行) and Guangdong Housing Association (廣東房協), 2005 Top 100 Taxpaying Enterprise (2005年度稅務百強) by the Guangzhou Municipal Office of the State Administration of Taxation (廣州市國家稅務局 and 物業管理企業資質管理辦法 Guangzhou Local Taxation Bureau (廣州市地方稅局), and 2002–2006 Enterprise of Observing Contract and Valuing Credit

(守合同重信用企業) by Guangzhou Industrial and Commercial Administration Bureau (廣州工商行政管理局).

Nansha Country Garden (南沙碧桂園)

Nansha Country Garden is located on Jingang Road, Guangzhou Nansha Development Zone, Guangzhou City. It is being developed by Guangzhou Nansha Economic and Technological Development Zone Country Garden Property Development Co., Ltd. ("Nansha Country Garden Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 416,657 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 515,889 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 416,657 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 515,889 sq.m. Construction of these properties commenced on September 29, 2004 and was completed on June 28, 2010. The completed properties comprise 3,673 residential units with an aggregate saleable GFA of approximately 486,892 sq.m., as well as 85 retail shops with an aggregate saleable GFA of approximately 4,110 sq.m. As of December 31, 2010, 3,629 residential units, with an aggregate saleable GFA of approximately 483,735 sq.m., as well as 80 retail shops, with an aggregate saleable GFA of approximately 2,859 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 44 residential units with an aggregate saleable GFA of approximately 3,157 sq.m. and five retail shops with an aggregate saleable GFA of approximately 1,251 sq.m.

As of December 31, 2010, there was no property under development or held for future development in Nansha Country Garden.

As of December 31, 2010, the total development costs of Nansha Country Garden (including the costs of land acquisition and construction) were RMB1,679.8 million.

Nansha Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops and parking spaces. This development features a clubhouse, Yangguang Plaza, a supermarket and a commercial street.

Nansha Country Garden has been awarded the title of 2008 Guangzhou Top Ten Best-Selling Real Estate Development(2008年度廣州十大暢銷樓盤) by New Express (新快報).

Country Garden Grand Palace (碧桂園豪庭)

Country Garden Grand Palace is located at East Side of Toyota Living Zone, Nansha District, Guangzhou City. It is being developed by Guangzhou Nansha Economic and Technological Development Zone Country Garden Property Development Co Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 63,726 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 165,342 sq.m.

As of December 31, 2010, there was no completed property in Country Garden Grand Palace.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 63,726 sq.m. and had an expected aggregate GFA (including saleable and

non-saleable GFA) of approximately 165,342 sq.m. Construction of these properties commenced on April 22, 2010 and is expected to be completed in the third quarter 2012. Upon completion, there will be 1,340 residential units with an aggregate saleable GFA of approximately 149,741 sq.m. and 53 retail shops with an aggregate saleable GFA of approximately 4,246 sq.m.

As of December 31, 2010, there was no property held for future development in Country Garden Grand Palace.

As of December 31, 2010, the total development costs of Country Garden Grand Palace (including the costs of land acquisition and construction) were RMB395.8 million.

Country Garden Grand Palace offers various types of products, including townhouses and high-rise apartment buildings, and is expected to offer retail shops in the future.

Holiday Islands—Huadu (假日半島—花都)

Holiday Islands—Huadu is located at Shanqian Avenue, Chini Town, Huadu District, Guangzhou City. It is being developed by Guangzhou Huadu Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 937,861 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 444,596 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 783,200 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 328,533 sq.m. Construction of these properties commenced on January 11, 2006 and was completed on December 20, 2010. The completed properties comprise 1,168 residential units with an aggregate saleable GFA of approximately 326,533 sq.m. As of December 31, 2010, 933 residential units, with an aggregate saleable GFA of approximately 234,545 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 235 residential units with an aggregate saleable GFA of approximately 91,988 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 133,700 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 95,102 sq.m. Construction of these properties commenced on May 11, 2006 and is expected to be completed in the third quarter 2011. Upon completion, there will be 468 residential units with an aggregate saleable GFA of approximately 77,318 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 20,961 sq.m. and had an expected aggregate GFA of approximately 20,961 sq.m.

As of December 31, 2010, the total development costs of Holiday Islands—Huadu (including the costs of land acquisition and construction) were RMB1,537.1 million.

Holiday Islands—Huadu offers various types of products, including villas, townhouses and low-rise apartment buildings, and is expected to offer high-rise apartment buildings in the future.

Country Garden—Lychee Park (碧桂園 · 荔園)

Country Garden—Lychee Park is located at Weiliu Road, Zengjiang Avenue, Zengcheng District, Guangzhou City. It is being developed by Zengcheng Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 92,965 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 88,837 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 92,965 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 88,837 sq.m. Construction of these properties commenced on July 6, 2009 and was completed on May 26, 2010. The completed properties comprise 564 residential units, with an aggregate saleable GFA of approximately 78,163 sq.m., 167 retail shops, with an aggregate saleable GFA of approximately 7,707 sq.m., and 122 parking spaces, with an aggregate saleable GFA of approximately 1,720 sq.m. As of December 31, 2010, 554 residential units, with an aggregate saleable GFA of approximately 75,959 sq.m., as well as 165 retail shops, with an aggregate saleable GFA of approximately 7,549 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 10 residential units, with an aggregate saleable GFA of approximately 2,204 sq.m., two retail shops, with an aggregate saleable GFA of approximately 158 sq.m., and 122 parking spaces, with an aggregate GFA of approximately 1,720 sq.m.

As of December 31, 2010, there was no property under development or held for future development in Country Garden—Lychee Park.

As of December 31, 2010, the total development costs of Country Garden—Lychee Park (including the costs of land acquisition and construction) were RMB413.7 million.

Country Garden—Lychee Park offers various types of products, including townhouses, low-rise apartment buildings and retail shops.

Country Garden—Grand Garden (碧桂園 · 豪園)

Country Garden—Grand Garden is located at Shitan Town, Zengcheng District, Guangzhou City. It is being developed by Zengcheng Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 562,662 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 402,713 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 193,980 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 116,643 sq.m. Construction of these properties commenced on September 29, 2009 and was completed on November 8, 2010. The completed properties comprise 618 residential units with an aggregate saleable GFA of approximately 100,682 sq.m., as well as 47 retail shops with an aggregate saleable GFA of approximately 5,961 sq.m. As of December 31, 2010, 494 residential units, with an aggregate saleable GFA of approximately 82,597 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 124 residential units with an aggregate saleable GFA of approximately 18,085 sq.m. and 47 retail shops with an aggregate saleable GFA of approximately 5,961 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 365,862 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 284,415 sq.m. Construction of these properties commenced on February 10, 2010 and is expected to be completed in the fourth quarter 2011. Upon completion, there will be 1,595 residential units with an aggregate saleable GFA of approximately 274,760 sq.m. and 115 retail shops with an aggregate saleable GFA of approximately 7,271 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 2,820 sq.m. and had an expected aggregate GFA of approximately 1,655 sq.m.

As of December 31, 2010, the total development costs of Country Garden—Grand Garden (including the costs of land acquisition and construction) were RMB1,357.5 million.

Country Garden—Grand Garden offers various types of products, including townhouses, low-rise apartment buildings, high-rise apartment buildings and retail shops.

Foshan City, Guangdong Province

Shunde Country Garden—including Country Garden West Court (順德碧桂園—含碧桂園西苑)

Shunde Country Garden is located at the Bridge of Bijiang, Beijiao Town, Shunde District, Foshan City. It is being developed by Foshan Shunde Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 2,988,403 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 2,414,783 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 2,904,853 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 2,164,645 sq.m. Construction of these properties commenced in 1992 and was completed on October 14, 2010. The completed properties comprise 13,793 residential units with an aggregate saleable GFA of approximately 1,992,440 sq.m., 36 retail shops with an aggregate saleable GFA of approximately 10,625 sq.m., and an office building with an aggregate saleable GFA of approximately 18,666 sq.m. As of December 31, 2010, 13,723 residential units, with an aggregate saleable GFA of approximately 1,956,471 sq.m., as well as two retail shops, with an aggregate saleable GFA of approximately 540 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 70 residential units with an aggregate saleable GFA of approximately 35,969 sq.m., 34 retail shops with an aggregate saleable GFA of approximately 10,085 sq.m., and an office building with an aggregate saleable GFA of approximately 18,666 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 75,107 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 244,011 sq.m. Construction of these properties commenced on March 26, 2008 and is expected to be completed in the third quarter 2012. Upon completion, there will be 1,181 residential units with an aggregate saleable GFA of approximately 111,615 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 8,443 sq.m. and had an expected aggregate GFA of approximately 6,127 sq.m.

As of December 31, 2010, the total development costs of Shunde Country Garden (including the costs of land acquisition and construction) were RMB6,975.9 million.

Shunde Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops and parking spaces. This development features a four-star resort hotel, Shunde Country Garden Holiday Resort (順德碧桂園度假村), as well as four clubhouses, a fresh produce market, an international cultural plaza, Country Garden Hospital (碧桂園醫院) and Country Garden School (碧桂園學校).

Shunde Country Garden has been awarded the title of Foshan Best Villa(佛山最佳別墅) by Foshan Daily(佛山日報), 2008 Guangzhou Top Ten Best-Selling Real Estate Development (2008年度廣州十大暢銷樓盤) by New Express (新快報), 2007 Guangzhou Best Planning and Design Real Estate Development (2007廣州最佳規劃設計典範樓盤) by Baoye Group of Yangchang Evening Post (羊城晚報報業集團) and Private Economy News (民營經濟報), 2006 Excellent Real Estate Development for Mortgage (2006年優質按揭樓盤) by the China Construction Bank, 2005 Guangzhou Creating the National Model City of Environmental Protection Special Contribution Prize (廣州市創建國家模範城市特別貢獻獎) by Guangzhou Environmental Protection Educational Center (廣州市環境保護宣傳教育中心) and 2005 Most Reliable Brand for Consumers (2005年消費者最信賴十大質量品牌) by China Quality Leading Enterprise Expert Judging Committee (中國質量領先企業專家評審委員會).

Jun'an Country Garden (均安碧桂園)

Jun'an Country Garden is located on Cuihu Road, Jun'an Town, Shunde District, Foshan City. It is being developed by Foshan Shunde Jun'an Country Garden Property Development Co., Ltd., a project company in which we hold a 90% equity interest. The project occupies an aggregate site area of approximately 244,468 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 254,509 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 212,370 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 223,593 sq.m. Construction of these properties commenced on April 13, 2000 and was completed on October 16, 2008. The completed properties comprise 1,407 residential units with an aggregate saleable GFA of approximately 213,246 sq.m. As of December 31, 2010, 1,407 residential units, with an aggregate saleable GFA of approximately 213,246 sq.m., had been sold and delivered. There was no sold but undelivered property or unsold property of the remaining completed properties.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 2,046 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 864 sq.m. Construction of these properties commenced on January 6, 2010 and is expected to be completed in the third quarter 2011. Upon completion, there will be three residential units with an aggregate saleable GFA of approximately 864 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 30,052 sq.m. and had an expected aggregate GFA of approximately 30,052 sq.m.

As of December 31, 2010, the total development costs of Jun'an Country Garden (including the costs of land acquisition and construction) were RMB762.4 million.

Jun'an Country Garden offers various types of products, including villas, townhouses and low-rise apartment buildings. A supermarket is in the proximity of this development.

Peninsula Country Garden (半島碧桂園)

Peninsula Country Garden is located next to the Jin Sha Bridge, Chencun Town, Shunde District, Foshan City. It is being developed by Foshan Shunde Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 529,948 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 294,330 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 529,948 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 294,330 sq.m. Construction of these properties commenced on April 28, 2003 and was completed on April 16, 2008. The completed properties comprise 1,106 residential units with an aggregate saleable GFA of approximately 287,323 sq.m. As of December 31, 2010, 1,104 residential units, with an aggregate saleable GFA of approximately 286,021 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised two residential units with an aggregate saleable GFA of approximately 1,302 sq.m.

As of December 31, 2010, there was no property under development or held for future development in Peninsula Country Garden.

As of December 31, 2010, the total development costs of Peninsula Country Garden (including the costs of land acquisition and construction) were RMB947.5 million.

Peninsula Country Garden offers various types of products, including villas, townhouses and low-rise apartment buildings. This development features a luxurious clubhouse, a swimming pool, tennis courts, basketball courts, poker rooms and table-tennis rooms, as well as a supermarket and a commercial street.

Peninsula Country Garden has been awarded the title of 2006 Excellent Real Estate Development for Mortgage (2006年優質按揭樓盤) by the China Construction Bank and 2005 Developed Enterprise (2005年規模企業獎) and 2005 Tax Contribution Prize (2005年稅收貢獻獎) by People's Government of Chencun (陳村鎮人民政府).

Gaoming Country Garden (高明碧桂園)

Gaoming Country Garden is located at San Zhou Bai Ling Road, Gaoming District, Foshan City. It is being developed by Foshan Gaoming Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 1,774,595 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,007,953 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 1,161,188 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 717,325 sq.m. Construction of these properties commenced on July 28, 2004 and was completed on October 30, 2010. The completed properties comprise 3,986 residential units with an aggregate saleable GFA of approximately 702,849 sq.m., as well as 129 retail shops with an aggregate saleable GFA of approximately 5,040 sq.m. As of December 31, 2010, 3,891 residential units, with an aggregate saleable GFA of approximately 674,073 sq.m., as well as 73 retail shops, with an aggregate saleable GFA of approximately 2,956 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 95 residential units with an aggregate saleable GFA of approximately 28,776 sq.m. and 56 retail shops with an aggregate saleable GFA of approximately 2,084 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 600,404 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 277,628 sq.m. Construction of these properties commenced on May 31, 2006 and is expected to be completed in the third quarter 2012. Upon completion, there will be 1,347 residential units with an aggregate saleable GFA of approximately 275,103 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 13,003 sq.m. and had an expected aggregate GFA of approximately 13,000 sq.m.

As of December 31, 2010, the total development costs of Gaoming Country Garden (including the costs of land acquisition and construction) were RMB3,456.6 million.

Gaoming Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, retail shops and parking spaces. This development features various amenities, such as reading rooms, poker rooms, tennis courts, basketball courts, swimming pools, table tennis rooms, a supermarket, commercial streets and Gaoming Country Garden Phoenix Hotel (高明碧桂園鳳凰酒店), a hotel built to the five-star rating standard.

Gaoming Country Garden has been awarded the title of Green Homestead Foshan Eight Residential Scene-Bigui Yaochi (綠色家園•佛山人居八景——碧桂瑤池) by Foshan Media Group (佛山傳媒集團) and Foshan Daily (佛山日報社), the Best Ecological Real Estate Development (年度最佳生態樓盤) by Guangzhou Daily (廣州日報) and 2005 Advanced Real Estate Developer (2005年先進房地產開發企業) by Foshan Gaoming Construction Bureau (佛山高明建設局).

Nanhai Country Garden (南海碧桂園)

Nanhai Country Garden is located in Yayao Village, Dali Town, Nanhai District, Foshan City, near Guangfo Highway, Yayao Intersection and 325 National Highway. It is being developed by Foshan Nanhai Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 494,294 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 569,446 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 458,349 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 488,748 sq.m. Construction of these properties commenced on June 27, 2005 and was completed on June 1, 2010. The completed properties comprise 1,865 residential units with an aggregate saleable GFA of approximately 475,446 sq.m., as well as 20 retail shops with an aggregate saleable GFA of approximately 2,508 sq.m. As of December 31, 2010, 1,865 residential units, with an aggregate saleable GFA of approximately 475,446 sq.m., as well as

15 retail shops, with an aggregate saleable GFA of approximately 510 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised five retail shops with an aggregate saleable GFA of approximately 1,998 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 22,345 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 64,826 sq.m. Construction of these properties commenced on May 31, 2006 and is expected to be completed in the first quarter 2011. Upon completion, there will be 308 residential units with an aggregate saleable GFA of approximately 64,826 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 13,600 sq.m. and had an expected aggregate GFA of approximately 15,872 sq.m.

As of December 31, 2010, the total development costs of Nanhai Country Garden (including the costs of land acquisition and construction) were RMB2,273.3 million.

Nanhai Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops and parking spaces. This development features a clubhouse with swimming pools, tennis courts, basketball courts, a library, table-tennis rooms and a supermarket.

Country Garden Wonderland (碧桂園山水桃園)

Country Garden Wonderland is located at Lishui Town, Nanhai District, Foshan City. It is being developed by Foshan Nanhai Wonderland Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 87,246 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 144,110 sq.m.

As of December 31, 2010, there was no completed property in Country Garden Wonderland.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 87,246 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 144,110 sq.m. Construction of these properties commenced on December 22, 2009 and is expected to be completed in the fourth quarter 2011. Upon completion, there will be 1,245 residential units with an aggregate saleable GFA of approximately 143,301 sq.m.

As of December 31, 2010, there was no property held for future development in Country Garden Wonderland.

As of December 31, 2010, the total development costs of Country Garden Wonderland (including the costs of land acquisition and construction) were RMB330.6 million.

Country Garden Wonderland offers various types of products, including townhouses, low-rise apartment buildings and high-rise apartment buildings.

Country Garden City Garden (碧桂園城市花園)

Country Garden City Garden is located next to Lingnan Avenue, Chancheng District, Foshan City. It is being developed by Foshan Chancheng Country Garden Property Development Co., Ltd., a project company in which we hold a 90% equity interest. The project occupies an aggregate site area of approximately 96,792 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 586,291 sq.m.

As of December 31, 2010, there was no completed property in Country Garden City Garden.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 39,436 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 244,959 sq.m. Construction of these properties commenced on July 30, 2010 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 2,130 residential units with an aggregate saleable GFA of approximately 230,056 sq.m. and 25 retail shops with an aggregate saleable GFA of approximately 9,364 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 57,356 sq.m. and had an expected aggregate GFA of approximately 341,332 sq.m.

As of December 31, 2010, the total development costs of Country Garden City Garden (including the costs of land acquisition and construction) were RMB1,040.2 million.

Country Garden City Garden is expected to offer high-rise apartment buildings and retail shops in the future.

Country Garden Grand Palace (碧桂園豪庭)

Country Garden Grand Palace is located at East Side of Xihua Road, Shibu, Longjiang Town, Shunde District, Foshan City. It is being developed by Foshan Shunde Country Garden Property Development Co Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 135,936 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 370,340 sq.m.

As of December 31, 2010, there was no completed property in Country Garden Grand Palace.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 135,936 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 370,340 sq.m. Construction of these properties commenced on February 3, 2010 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 2,466 residential units with an aggregate saleable GFA of approximately 358,603 sq.m. and 87 retail shops with an aggregate saleable GFA of approximately 7,422 sq.m.

As of December 31, 2010, there was no property held for future development in Country Garden Grand Palace.

As of December 31, 2010, the total development costs of Country Garden Grand Palace (including the costs of land acquisition and construction) were RMB640.5 million.

Country Garden Grand Palace offers various types of products, including townhouses, high-rise apartment buildings and retail shops. It will also feature a hotel developed to the five-star rating standard.

Jiangmen City, Guangdong Province

Heshan Country Garden (鶴山碧桂園)

Heshan Country Garden is located on Heshan Avenue, Shaping Town, Heshan District, Jiangmen City, across from Heshan Central Station and in the proximity of the commercial district of Heshan. It is being developed by Heshan Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 3,469,521 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 2,056,266 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 2,239,735 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 1,302,614 sq.m. Construction of these properties commenced on March 26, 2004 and was completed on December 30, 2010. The completed properties comprise 6,927 residential units with an aggregate saleable GFA of approximately 1,210,973 sq.m., as well as 353 retail shops with an aggregate saleable GFA of approximately 25,992 sq.m. As of December 31, 2010, 5,533 residential units with an aggregate saleable GFA of approximately 917,157 sq.m. as well as 220 retail shops with an aggregate saleable GFA of approximately 14,673 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 1,394 residential units with an aggregate saleable GFA of approximately 293,816 sq.m. and 133 retail shops with an aggregate saleable GFA of approximately 11,319 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 859,651 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 499,156 sq.m. Construction of these properties commenced on August 5, 2009 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 2,140 residential units with an aggregate saleable GFA of approximately 439,000 sq.m., 13 retail shops with an aggregate saleable GFA of approximately 2,076 sq.m. and a commercial plaza with an aggregate saleable GFA of approximately 54,068 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 370,135 sq.m. and had an expected aggregate GFA of approximately 254,496 sq.m.

As of December 31, 2010, the total development costs of Heshan Country Garden (including the costs of land acquisition and construction) were RMB4,511.3 million.

Heshan Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, retail shops and parking spaces. This development features the five-star Heshan Country Garden Phoenix Hotel (鶴山碧桂園鳳凰酒店) and a commercial plaza.

Heshan Country Garden has been awarded the title of 2007 Jiangmen Most Competitive Real Estate Development (2007年江門最具實力樓盤) by Jiangmen Agency of Nanfang Daily (南方日報駐江門辦事處), the Diamond Quality Real Estate Development (鑽石級優質樓盤) by China

Construction Bank Guangdong Branch (中國建設銀行廣東省分行) and Guangdong Housing Association (廣東房協) and 2005 Heshan Significant Taxpayer (2005年鶴山納稅大戶) by the People's Government of Heshan (鶴山市人民政府).

Country Garden—Park Prime (碧桂園．公園1號)

Country Garden—Park Prime is located opposite to Heshan Park, Heshan Avenue, Shanping Town, Heshan District. It is being developed by Heshan Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 134,897 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 217,183 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 75,373 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 58,270 sq.m. Construction of these properties commenced on July 9, 2009 and was completed on December 30, 2010. The completed properties comprise 376 residential units with an aggregate saleable GFA of approximately 52,199 sq.m., as well as 67 retail shops with an aggregate saleable GFA of approximately 4,283 sq.m. As of December 31, 2010, 219 residential units, with an aggregate saleable GFA of approximately 33,314 sq.m., as well as 23 retail shops, with an aggregate saleable GFA of approximately 1,276 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 157 residential units with an aggregate saleable GFA of approximately 18,885 sq.m. and 44 retail shops with an aggregate saleable GFA of approximately 3,007 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 39,157 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 101,952 sq.m. Construction of these properties commenced on April 22, 2010 and is expected to be completed in the second quarter 2012. Upon completion, there will be 805 residential units with an aggregate saleable GFA of approximately 100,061 sq.m. and 28 retail shops with an aggregate saleable GFA of approximately 1,891 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 20,367 sq.m. and had an expected aggregate GFA of approximately 56,961 sq.m.

As of December 31, 2010, the total development costs of Country Garden—Park Prime (including the costs of land acquisition and construction) were RMB282.7 million.

Country Garden—Park Prime offers various types of products, including townhouses, low-rise apartment buildings and retail shops, and is expected to offer high-rise apartment buildings in the future.

Wuyi Country Garden (五邑碧桂園)

Wuyi Country Garden is located on Xihuan Road, Beixin Zone, Pengjiang District, Jiangmen City. It is being developed by Jiangmen Wuyi Country Garden Property Development Co., Ltd. ("Wuyi Country Garden Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 1,510,843 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 945,002 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 1,350,251 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 688,755 sq.m. Construction of these properties commenced on August 16, 2004 and was completed on September 29, 2009. The completed properties comprise 3,392 residential units with an aggregate saleable GFA of approximately 652,976 sq.m. As of December 31, 2010, 3,385 residential units with an aggregate saleable GFA of approximately 649,069 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 7 residential units with an aggregate saleable GFA of approximately 3,907 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 119,669 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 174,049 sq.m. Construction of these properties commenced on April 16, 2010 and is expected to be completed in the second quarter 2012. Upon completion, there will be 909 residential units with an aggregate saleable GFA of approximately 168,278 sq.m. and 15 retail shops with an aggregate saleable GFA of approximately 1,040 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 40,923 sq.m. and had an expected aggregate GFA of approximately 82,198 sq.m.

As of December 31, 2010, the total development costs of Wuyi Country Garden (including the costs of land acquisition and construction) were RMB3,157.7 million.

Wuyi Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings and parking spaces, and is expected to offer retail shops in the future. This development features Wuyi Country Garden Phoenix Hotel (五邑碧桂園鳳凰酒店), a hotel built to the five-star standard, as well as kindergartens, primary schools, a supermarket and a commercial street.

Wuyi Country Garden has been awarded the title of 2007 Jiangmen Most Competitive Real Estate Development (2007年江門最具實力樓盤) by Jiangmen Agency of Nanfang Daily (南方日報駐江門辦事處), 2008 Jiangmen Most Reliable Brand for Consumers (2008江門人最信賴的優質品牌) by Jiangmen Civilization Office (江門市文明辦), Industrial and Commercial Association (工商聯), Jiangmen Daily (江門日報社) and Jiangmen News Network (江門新聞網) and 2005 Best Habitation Villa Community (2005年最佳居住價值別墅社區) by Jiangmen Daily (江門日報).

Xinhui Country Garden (新會碧桂園)

Xinhui Country Garden is located at the intersection of Xin Hui Avenue and Xin Gang Road, Nan Xin District in the city center of Xinhui and in the proximity of Xinhui Central Station, Jiangmen City. It is being developed by Jiangmen East Coast Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 356,762 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 588,759 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 279,930 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 302,684 sq.m. Construction of these properties commenced on November 7, 2005 and was completed on August 30, 2010. The completed properties comprise

1,649 residential units with an aggregate saleable GFA of approximately 294,344 sq.m., as well as 133 retail shops with an aggregate saleable GFA of approximately 6,615 sq.m. As of December 31, 2010, 1,625 residential units, with an aggregate saleable GFA of approximately 289,242 sq.m., as well as 133 retail shops, with an aggregate saleable GFA of approximately 6,615 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 24 residential units with an aggregate saleable GFA of approximately 5,102 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 73,571 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 279,181 sq.m. Construction of these properties commenced on April 16, 2008 and is expected to be completed in the first quarter 2012. Upon completion, there will be 1,927 residential units with an aggregate saleable GFA of approximately 262,794 sq.m. and 153 retail shops with an aggregate saleable GFA of approximately 14,739 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 3,261 sq.m. and had an expected aggregate GFA of approximately 6,894 sq.m.

As of December 31, 2010, the total development costs of Xinhui Country Garden (including the costs of land acquisition and construction) were RMB1,725.1 million.

Xinhui Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops and parking spaces. This development features Xinhui Country Garden Phoenix Hotel (新會碧桂園鳳凰酒店), which has been developed to the five-star standard, a supermarket, Phoenix Commercial Plaza and a clubhouse.

Taishan Country Garden (台山碧桂園)

Taishan Country Garden is located in Shagang Hu Development Zone, Taicheng Town, Taishan District, Jiangmen City. It is being developed by Taishan Country Garden Property Development Co., Ltd. ("Taishan Country Garden Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 4,277,222 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 2,629,915 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 972,234 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 488,494 sq.m. Construction of these properties commenced on March 31, 2006 and was completed on December 24, 2010. The completed properties comprise 2,271 residential units with an aggregate saleable GFA of approximately 442,847 sq.m., as well as 497 retail shops with an aggregate saleable GFA of approximately 26,704 sq.m. As of December 31, 2010, 1,981 residential units, with an aggregate saleable GFA of approximately 361,434 sq.m., as well as 257 retail shops, with an aggregate saleable GFA of approximately 10,865 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 290 residential units with an aggregate saleable GFA of approximately 81,413 sq.m. and 240 retail shops with an aggregate saleable GFA of approximately 15,839 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 823,646 sq.m. and had an expected aggregate GFA (including saleable and

non-saleable GFA) of approximately 394,757 sq.m. Construction of these properties commenced on May 24, 2006 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 1,380 residential units with an aggregate saleable GFA of approximately 386,893 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 2,481,342 sq.m. and had an expected aggregate GFA of approximately 1,746,664 sq.m.

As of December 31, 2010, the total development costs of Taishan Country Garden (including the costs of land acquisition and construction) were RMB2,566.2 million.

Taishan Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, retail shops and parking spaces, and is expected to offer high-rise apartment buildings in the future. This development features Taishan Country Garden Phoenix Hotel (台山碧桂園鳳凰酒店), a hotel built to the five-star standard, and a commercial pedestrian street.

Taishan Country Garden has been awarded the title of 2007 Jiangmen Most Competitive Real Estate Development (2007年江門最具實力樓盤) by Jiangmen Agency of Nanfang Daily (南方日報駐江門辦事處)

Enping Country Garden (恩平碧桂園)

Enping Country Garden is located at Shi Street, Chakeng Administration District, Enping District, Jiangmen City. It is being developed by Enping Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 400,665 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 319,289 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 300,116 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 212,677 sq.m. Construction of these properties commenced on November 1, 2007 and was completed on December 2, 2010. The completed properties comprise 980 residential units with an aggregate saleable GFA of approximately 201,098 sq.m., as well as 96 retail shops with an aggregate saleable GFA of approximately 4,970 sq.m. As of December 31, 2010, 728 residential units, with an aggregate saleable GFA of approximately 144,433 sq.m., as well as 96 retail shops, with an aggregate saleable GFA of approximately 4,970 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 252 residential units with an aggregate saleable GFA of approximately 56,665 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 19,709 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 9,288 sq.m. Construction of these properties commenced on December 13, 2007 and is expected to be completed in the second quarter 2011. Upon completion, there will be 43 residential units with an aggregate saleable GFA of approximately 9,088 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 80,840 sq.m. and had an expected aggregate GFA of approximately 97,324 sq.m.

As of December 31, 2010, the total development costs of Enping Country Garden (including the costs of land acquisition and construction) incurred were RMB821.5 million.

Enping Country Garden offers various types of products, including townhouses, low-rise apartment buildings and retail shops, and is expected to offer high-rise apartment buildings in the future.

Country Garden—Sunshine Coast (碧桂園・陽光水岸)

Country Garden—Sunshine Coast is located at Sanbu Zone, Kaiping District, Jiangmen City. It is being developed by Kaiping Xinzhihe Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 51,107 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 48,816 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 26,358 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 17,435 sq.m. Construction of these properties commenced on November 4, 2009 and was completed on December 15, 2010. The completed properties comprise 82 residential units with an aggregate saleable GFA of approximately 16,534 sq.m., as well as 12 retail shops with an aggregate saleable GFA of approximately 901 sq.m. As of December 31, 2010, no properties in this project had been delivered. The completed properties, which included sold but undelivered properties and unsold properties, comprised 82 residential units with an aggregate GFA of approximately 16,534 sq.m., as well as 12 retail shops with an aggregate saleable GFA of approximately 901 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 24,749 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 31,381 sq.m. Construction of these properties commenced on November 4, 2009 and is expected to be completed in the first quarter 2011. Upon completion, there will be 219 residential units with an aggregate saleable GFA of approximately 29,136 sq.m. and 17 retail shops with an aggregate saleable GFA of approximately 847 sq.m. and 86 parking spaces with an aggregate saleable GFA of approximately 1,028 sq.m.

As of December 31, 2010, there was no property held for future development in Country Garden—Sunshine Coast.

As of December 31, 2010, the total development costs of Country Garden—Sunshine Coast (including the costs of land acquisition and construction) were RMB112.2 million.

Country Garden—Sunshine Coast offers various types of products, including townhouses, low-rise apartment buildings, retail shops and parking spaces.

Jianghai Country Garden (江海碧桂園)

Jianghai Country Garden is located at East Side of Administration Zone, Jianghai District, Jiangmen City. It is being developed by Jiangmen Jianghai Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 232,494 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 456,659 sq.m.

As of December 31, 2010, there was no completed property in Jianghai Country Garden.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 84,463 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 54,447 sq.m. Construction of these properties commenced on March 31, 2010 and is expected to be completed in the second quarter 2011. Upon completion, there will be 208 residential units with an aggregate saleable GFA of approximately 52,842 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 148,031 sq.m. and had an expected aggregate GFA of approximately 402,212 sq.m.

As of December 31, 2010, the total development costs of Jianghai Country Garden (including the costs of land acquisition and construction) were RMB586.4 million.

Jianghai Country Garden offers townhouses, and is expected to offer high-rise apartment buildings in the future.

Xinhui Country Garden—Phase Four (新會碧桂園－四期)

Xinhui Country Garden—Phase Four is located at South Side of Xinhui Country Garden, Xinhui District, Jiangmen City. It is being developed by Jiangmen Xinhui Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 183,325 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 407,998 sq.m.

As of December 31, 2010, there was no completed property in Xinhui Country Garden—Phase Four.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 113,754 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 139,608 sq.m. Construction of these properties commenced on March 24, 2010 and is expected to be completed in the third quarter 2012. Upon completion, there will be 943 residential units with an aggregate saleable GFA of approximately 139,171 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 69,571 sq.m. and had an expected aggregate GFA of approximately 268,390 sq.m.

As of December 31, 2010, the total development costs of Xinhui Country Garden—Phase Four (including the costs of land acquisition and construction) were RMB897.4 million.

Xinhui Country Garden—Phase Four offers townhouses, and is expected to offer high-rise apartment buildings and retail shops in the future.

Country Garden—Hill Lake Grand Palace (碧桂園•山水豪園)

Country Garden—Hill Lake Grand Palace is located in Jiangjunpi, Zhishan Town, Heshan City. It is being developed by Heshan Zhishan Country Garden Property Development Co Ltd, a project company in which we hold an 80% equity interest. The project occupies an aggregate site area of approximately 510,092 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 754,265 sq.m.

As of December 31, 2010, there was no completed property or property under development in Country Garden—Hill Lake Grand Palace.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 510,092 sq.m. and had an expected aggregate GFA of approximately 754,265 sq.m.

As of December 31, 2010, the total development costs of Country Garden—Hill Lake Grand Palace (including the costs of land acquisition and construction) were RMB 248.3 million.

Country Garden—Hill Lake Grand Palace is expected to offer townhouses and low-rise apartment buildings in the future.

Yangjiang City, Guangdong Province

Yangdong Country Garden (陽東碧桂園)

Yangdong Country Garden is located at Hubin West Road, Yangdong Town, Yangjiang City, beside the Yangdong Central Station in proximity to Yangjiang City Center and Jiangcheng District. It is being developed by Yangdong Country Garden Property Development Co., Ltd. ("Yangdong Country Garden Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 577,069 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 390,847 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 577,069 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 390,847 sq.m. Construction of these properties commenced on April 29, 2005 and was completed on December 21, 2010. The completed properties comprise 1,951 residential units with an aggregate saleable GFA of approximately 347,743 sq.m., as well as 202 retail shops with an aggregate saleable GFA of approximately 22,459 sq.m. As of December 31, 2010, 1,937 residential units, with an aggregate saleable GFA of approximately 344,687 sq.m., as well as 181 retail shops, with an aggregate saleable GFA of approximately 16,728 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 14 residential units with an aggregate saleable GFA of approximately 3,056 sq.m. and 21 retail shops with an aggregate saleable GFA of approximately 5,731 sq.m.

As of December 31, 2010, there was no property under development or held for future development in Yangdong Country Garden.

As of December 31, 2010, the total development costs of Yangdong Country Garden (including the costs of land acquisition and construction) were RMB1,352.4 million.

Yangdong Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops and parking spaces. This development features the five-star Yangjiang Country Garden Phoenix Hotel (陽江碧桂園鳳凰酒店), Yanshan Lake City Plaza, a kindergarten and a commercial street.

Yangdong Country Garden has been awarded the title of 2005 Creditworthy Enterprise (2005年守合同重信用企業) by the Yangdong Industrial and Commercial Administration Bureau (陽東縣工商行政管理局) and 2005 Top Ten Best Real Estate Development in Yangjiang (2005年陽江十佳樓盤) by the Top Best Real Estate Judging Committee of Yangjiang Real Estate Conference (陽江房地產高峰論壇暨十佳樓盤評選組委會).

Zhaoqing City, Guangdong Province

Zhaoqing Lanling Residence (肇慶藍領公寓)

Zhaoqing Lanling Residence is located inside the high-tech industrial park of Dawang District, Zhaoqing City. It is being developed by Zhaoqing Gaoxin Country Garden Property Development Co., Ltd. ("Zhaoqing Country Garden Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 123,593 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 186,145 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 123,593 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 186,145 sq.m. Construction of these properties commenced on September 5, 2006 and was completed on June 26, 2009. The completed properties comprise 2,189 residential units with an aggregate saleable GFA of approximately 89,048 sq.m., as well as 254 retail shops with an aggregate saleable GFA of approximately 20,186 sq.m. As of December 31, 2010, 66 retail shops with an aggregate saleable GFA of approximately 4,061 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 2,189 residential units with an aggregate saleable GFA of approximately 89,048 sq.m. and 188 retail shops with an aggregate saleable GFA of approximately 16,125 sq.m.

As of December 31, 2010, there was no property under development or held for future development in Zhaoqing Lanling Residence.

As of December 31, 2010, the total development costs of Zhaoqing Lanling Residence (including the costs of land acquisition and construction) were RMB379.9 million.

Zhaoqing Lanling Residence offers low-rise apartment buildings and retail shops.

Zhaoqing Country Garden (肇慶碧桂園)

Zhaoqing Country Garden is located in Xiangshan District, Zhaoqing City. It is being developed by Gaoyao Biyi Property Development Co., Ltd., a project company in which we hold a 51% interest. The project occupies an aggregate site area of approximately 653,967 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 468,826 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 523,411 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 329,743 sq.m. Construction of these properties commenced on

September 19, 2006 and was completed on December 22, 2010. The completed properties comprise 1,488 residential units with an aggregate saleable GFA of approximately 312,353 sq.m., as well as 30 retail shops with an aggregate saleable GFA of approximately 1,465 sq.m. As of December 31, 2010, 1,485 residential units, with an aggregate saleable GFA of approximately 311,319 sq.m., as well as 30 retail shops, with an aggregate saleable GFA of approximately 1,465 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised three residential units with an aggregate saleable GFA of approximately 1,034 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 16,680 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 3,183 sq.m. Construction of these properties commenced on October 8, 2006 and is expected to be completed in the third quarter 2011. Upon completion, there will be 16 residential units with an aggregate saleable GFA of approximately 3,183 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 113,876 sq.m. and had an expected aggregate GFA of approximately 135,900 sq.m.

As of December 31, 2010, the total development costs of Zhaoqing Country Garden (including the costs of land acquisition and construction) were RMB1,551.6 million.

Zhaoqing Country Garden offers various types of products, including townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops and parking spaces. This development features a hotel developed to the five-star rating standard, Zhaoqing Country Garden Phoenix Hotel (肇慶碧桂園鳳凰酒店), and will feature a kindergarten and a commercial street.

Zhaoqing Country Garden has been awarded the title of 2006 Advanced Enterprise in Urban Construction (2006年度—城區建設先進企業) by People's Government of Gaoyao (高要市人民政府) and the Outstanding Contribution to Thirty-year Real Estate Development of Zhaoqing (肇慶地產發展30年傑出貢獻企業獎) by Zhaoqing Construction Bureau (肇慶市建設局), Zhaoqing Urban and Rural Planning Bureau (肇慶市城鄉規劃局), Xijiang Daily (西江日報社) and Zhaoqing Real Estate Association (肇慶市房地產行業協會).

Zhaoqing Country Garden—Hill Lake Palace (肇慶碧桂園 • 山湖城)

Zhaoqing Country Garden—Hill Lake Palace is located at Tanchang, Gaoyao District, Zhaoqing City. It is being developed by Gaoyao Biyi Property Development Co., Ltd., a project company in which we hold a 51% interest. The project occupies an aggregate site area of approximately 277,748 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 240,422 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 132,134 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 101,517 sq.m. Construction of these properties commenced on June 1, 2009 and was completed on October 29, 2010. The completed properties comprise 411 residential units with an aggregate saleable GFA of approximately 92,535 sq.m., as well as 63 retail shops with an aggregate saleable GFA of approximately 3,613 sq.m. As of December 31, 2010, 368 residential units, with an aggregate saleable GFA of approximately 82,721 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 43 residential units with an aggregate saleable GFA of approximately 9,814 sq.m. and 63 retail shops with an aggregate saleable GFA of approximately 3,613 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 120,866 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 97,534 sq.m. Construction of these properties commenced on June 1, 2009 and is expected to be completed in the second quarter 2012. Upon completion, there will be 435 residential units with an aggregate saleable GFA of approximately 96,374 sq.m. and 15 retail shops with an aggregate saleable GFA of approximately 905 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 24,748 sq.m. and had an expected aggregate GFA of approximately 41,371 sq.m.

As of December 31, 2010, the total development costs of Zhaoqing Country Garden—Hill Lake Palace (including the costs of land acquisition and construction) were RMB1,551.6 million.

Zhaoqing Country Garden—Hill Lake Palace offers various types of products, including townhouses and retail shops, and is expected to offer low-rise apartment buildings in the future.

Sihui Country Garden (四會碧桂園)

Sihui Country Garden is located at Dongcheng Zone, Sihui District, Zhaoqing City. It is being developed by Sihui Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 56,106 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 47,102 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 56,106 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 47,102 sq.m. Construction of these properties commenced on May 27, 2009 and was completed on June 30, 2010. The completed properties comprise 256 residential units with an aggregate saleable GFA of approximately 44,227 sq.m., as well as 28 retail shops with an aggregate saleable GFA of approximately 1,265 sq.m. As of December 31, 2010, 250 residential units, with an aggregate saleable GFA of approximately 43,170 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised six residential units with an aggregate saleable GFA of approximately 1,057 sq.m. and 28 retail shops with an aggregate saleable GFA of approximately 1,265 sq.m.

As of December 31, 2010, there was no property under or held for future development in Sihui Country Garden.

As of December 31, 2010, the total development costs of Sihui Country Garden (including the costs of land acquisition and construction) were RMB159.8 million.

Sihui Country Garden offers various types of products, including townhouses, low-rise apartment buildings and retail shops.

Huaiji Country Garden (懷集碧桂園)

Huaiji Country Garden is located at Qingshuitang, Huaicheng Town, Zhaoqing City. It is being developed by Huaiji Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 134,316 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 126,838 sq.m.

As of December 31, 2010, there was no completed property in Huaiji Country Garden.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 134,316 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 126,838 sq.m. Construction of these properties commenced on October 29, 2009 and is expected to be completed in the third quarter 2011. Upon completion, there will be 963 residential units with an aggregate saleable GFA of approximately 125,200 sq.m. and six retail shops with an aggregate saleable GFA of approximately 290 sq.m.

As of December 31, 2010, there was no property held for future development in Huaiji Country Garden.

As of December 31, 2010, the total development costs of Huaiji Country Garden (including the costs of land acquisition and construction) were RMB213.5 million.

Huaiji Country Garden offers various types of products, including townhouses, low-rise apartment buildings and retail shops.

Deqing Country Garden (德慶碧桂園)

Deqing Country Garden is located next to Qingyun Mountain, Deqing County, Zhaoqing City. It is being developed by Deqing Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 171,463 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 203,094 sq.m.

As of December 31, 2010, there was no completed property in Deqing Country Garden.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 103,209 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 98,313 sq.m. Construction of these properties commenced on May 17, 2010 and is expected to be completed in the second quarter 2011. Upon completion, there will be 613 residential units with an aggregate saleable GFA of approximately 91,521 sq.m. and 180 retail shops with an aggregate saleable GFA of approximately 6,493 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 68,254 sq.m. and had an expected aggregate GFA of approximately 104,781 sq.m.

As of December 31, 2010, the total development costs of Deqing Country Garden (including the costs of land acquisition and construction) were RMB197.1 million.

Deqing Country Garden offers various types of products, including townhouses and low-rise apartment buildings, and is expected to offer retail shops, high-rise apartment buildings in the future.

Fengkai Country Garden (封開碧桂園)

Fengkai Country Garden is located in Fengchuan Dongtang, Jiangkou Town, Fengkai County, Zhaoqing City. It is being developed by Fengkai Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 168,010 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 218,087 sq.m.

As of December 31, 2010, there was no completed property in Fengkai Country Garden.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 99,600 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 73,739 sq.m. Construction of these properties commenced on October 14, 2010 and is expected to be completed in the second quarter 2012. Upon completion, there will be 400 residential units with an aggregate saleable GFA of approximately 67,515 sq.m. and 24 retail shops with an aggregate saleable GFA of approximately 3,032 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 68,410 sq.m. and had an expected aggregate GFA of approximately 144,348 sq.m.

As of December 31, 2010, the total development costs of Fengkai Country Garden (including the costs of land acquisition and construction) were RMB72.4 million.

Fengkai Country Garden is expected to offer townhouses, high-rise apartment buildings and retail shops in the future.

Huizhou City, Guangdong Province

Huiyang Country Garden (惠陽碧桂園)

Huiyang Country Garden is located in the industrial district of Huiyang Sanhe Economic Development Zone, Huizhou City. It is being developed by Huizhou Huiyang Qishan Holiday Resorts Development Co., Ltd., a project company in which we hold a 90% equity interest. The project occupies an aggregate site area of approximately 1,110,258 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,233,544 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 279,041 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 187,644 sq.m. Construction of these properties commenced on August 22, 2007 and was completed on December 31, 2010. The completed properties comprise 849 residential units with an aggregate saleable GFA of approximately 186,005 sq.m., as well as 15 retail shops with an aggregate saleable GFA of approximately 755 sq.m. As of December 31, 2010, 746 residential units, with an aggregate saleable GFA of approximately 162,019 sq.m., as well as 15 retail shops, with an aggregate saleable GFA of approximately 755 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 103 residential units with an aggregate saleable GFA of approximately 23,986 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 309,405 sq.m. and had an expected aggregate GFA (including saleable and

non-saleable GFA) of approximately 331,589 sq.m. Construction of these properties commenced on August 22, 2007 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 2,512 residential units with an aggregate saleable GFA of approximately 312,684 sq.m. and one retail shop with an aggregate saleable GFA of approximately 59 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 521,812 sq.m. and had an expected aggregate GFA of approximately 714,311 sq.m.

As of December 31, 2010, the total development costs of Huiyang Country Garden (including the costs of land acquisition and construction) were RMB993.6 million.

Huiyang Country Garden offers various types of products, including townhouses, low-rise apartment buildings and retail shops, and is expected to offer high-rise apartment buildings in the future. This project will also future a hotel developed to the five-star rating standard.

Country Garden—Ten Miles Coast (碧桂園•十里銀灘)

Country Garden—Ten Miles Coast is located at Yapojiao, Renshan Town, Huidong District, Huizhou City. It is being developed by Huidong Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 1,447,090 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 3,487,487 sq.m.

As of December 31, 2010, there was no completed property or property under development in Country Garden—Ten Miles Coast.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 1,447,090 sq.m. and had an expected aggregate GFA of approximately 3,487,487 sq.m.

As of December 31, 2010, the total development costs of Country Garden—Ten Miles Coast (including the costs of land acquisition and construction) were RMB685.0 million.

Country Garden—Ten Miles Coast is expected to offer townhouses and high-rise apartment buildings in the future.

Shanwei City, Guangdong Province

Shanwei Country Garden (汕尾碧桂園)

Shanwei Country Garden is located in the Shanwei City, close to Pinqing Lake. It is being developed by Shanwei Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 309,422 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 442,545 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 181,157 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 144,422 sq.m. Construction of these properties commenced on

September 12, 2008 and was completed on December 30, 2010. The completed properties comprise 613 residential units with an aggregate saleable GFA of approximately 136,976 sq.m., as well as 28 retail shops with an aggregate saleable GFA of approximately 1,408 sq.m. As of December 31, 2010, 596 residential units, with an aggregate saleable GFA of approximately 132,352 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 17 residential units with an aggregate saleable GFA of approximately 4,624 sq.m. and 28 retail shops with an aggregate saleable GFA of approximately 1,408 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 60,700 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 137,444 sq.m. Construction of these properties commenced on November 11, 2009 and is expected to be completed in the third quarter 2011. Upon completion, there will be 972 residential units with an aggregate saleable GFA of approximately 132,539 sq.m. and 34 retail shops with an aggregate saleable GFA of approximately 2,978 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 67,565 sq.m. and had an expected aggregate GFA of approximately 160,679 sq.m.

As of December 31, 2010, the total development costs of Shanwei Country Garden (including the costs of land acquisition and construction) were RMB630.8 million.

Shanwei Country Garden offers various types of products, including townhouses, low-rise apartment buildings, high-rise apartment buildings and retail shops.

Shaoguan City, Guangdong Province

Shaoguan Country Garden (韶關碧桂園)

Shaoguan Country Garden is located in Lashi Ba, Zhen Jiang District, Shaoguan City, in the proximity of the commercial center. It is being developed by Shaoguan Shunhong Property Development Co., Ltd. ("Shaoguan Shun Hong Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 3,122,915 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,962,202 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 1,476,299 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 963,836 sq.m. Construction of these properties commenced on January 17, 2007 and was completed on December 30, 2010. The completed properties comprise 4,852 residential units with an aggregate saleable GFA of approximately 946,455 sq.m., as well as 91 retail shops with an aggregate saleable GFA of approximately 4,016 sq.m. As of December 31, 2010, 3,892 residential units, with an aggregate saleable GFA of approximately 750,633 sq.m,. as well as 91 retail shops with an aggregate saleable GFA of approximately 4,016 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 960 residential units with an aggregate saleable GFA of approximately 195,822 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 607,029 sq.m. and had an expected aggregate GFA (including saleable and

non-saleable GFA) of approximately 276,171 sq.m. Construction of these properties commenced on January 17, 2007 and is expected to be completed in the second quarter 2012. Upon completion, there will be 1,167 residential units with an aggregate saleable GFA of approximately 269,068 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 1,039,587 sq.m. and had an expected aggregate GFA of approximately 722,195 sq.m.

As of December 31, 2010, the total development costs of Shaoguan Country Garden (including the costs of land acquisition and construction) were RMB3,813.9 million.

Shaoguan Country Garden offers various types of products, including townhouses, low-rise apartment buildings, retail shops and parking spaces, and is expected to offer high-rise apartment buildings in the future. This development will also feature a commercial street, a hotel developed to the five-star rating standard and other amenities.

Lechang Country Garden (樂昌碧桂園)

Lechang Country Garden is located in Meile Road, Lechang District, Shaoguan City. It is being developed by Lechang Country Garden Property Development Co., Ltd. The project occupies an aggregate site area of approximately 642,919 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 496,640 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 144,400 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 89,516 sq.m. Construction of these properties commenced on October 23, 2007 and was completed on August 27, 2010. The completed properties comprise 430 residential units with an aggregate saleable GFA of approximately 86,714 sq.m., as well as 54 retail shops with an aggregate saleable GFA of approximately 2,444 sq.m. As of December 31, 2010, 277 residential units, with an aggregate saleable GFA of approximately 46,471 sq.m., as well as 19 retail shops, with an aggregate saleable GFA of approximately 595 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 153 residential units with an aggregate saleable GFA of approximately 40,243 sq.m. and 35 retail shops with an aggregate saleable GFA of approximately 1,849 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 106,809 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 94,697 sq.m. Construction of these properties commenced on April 11, 2008 and is expected to be completed in the fourth quarter 2011. Upon completion, there will be 805 residential units with an aggregate saleable GFA of approximately 90,176 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 391,710 sq.m. and had an expected aggregate GFA of approximately 312,427 sq.m.

As of December 31, 2010, the total development costs of Lechang Country Garden (including the costs of land acquisition and construction) were RMB510.9 million.

Lechang Country Garden offers various types of products, including townhouses, low-rise apartment buildings and retail shops. It will also feature a hotel developed to the five-star rating standard.

Shaoguan Country Garden—Sun Palace (韶關碧桂園 • 太陽城)

Shaoguan Country Garden—Sun Palace is located in Furong Avenue, Wujiang District, Shaoguan City. It is being developed by Shaoguan Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 2,171,441 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 3,531,899 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 188,046 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 149,323 sq.m. Construction of these properties commenced on March 10, 2008 and was completed on December 30, 2010. The completed properties comprise 750 residential units with an aggregate saleable GFA of approximately 143,453 sq.m., as well as 31 retail shops with an aggregate saleable GFA of approximately 1,670 sq.m. As of December 31, 2010, 727 residential units, with an aggregate saleable GFA of approximately 138,115 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 23 residential units with an aggregate saleable GFA of approximately 5,338 sq.m. and 31 retail shops with an aggregate saleable GFA of approximately 1,670 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 221,654 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 161,321 sq.m. Construction of these properties commenced on December 28, 2009 and is expected to be completed in the fourth quarter 2011. Upon completion, there will be 764 residential units with an aggregate saleable GFA of approximately 160,557 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 1,761,741 sq.m. and had an expected aggregate GFA of approximately 3,221,255 sq.m.

As of December 31, 2010, the total development costs of Shaoguan Country Garden—Sun Palace (including the costs of land acquisition and construction) were RMB1,105.1 million.

Shaoguan Country Garden—Sun Palace offers various types of products, including townhouses, low-rise apartment buildings and retail shops, and is expected to offer high-rise apartment buildings in the future. It will also feature a hotel developed to the five-star rating standard.

Maoming City, Guangdong Province

Maoming Country Garden (茂名碧桂園)

Maoming Country Garden is located at West Side of Huanshi West Road, Maonan District, Maoming City. It is being developed by Maoming Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 528,478 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 390,201 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 193,971 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 139,559 sq.m. Construction of these properties commenced on March 4, 2009 and was completed on December 24, 2010. The completed properties comprise 628 residential units with an aggregate saleable GFA of approximately 130,229 sq.m., as well as 66 retail shops with an aggregate saleable GFA of approximately 3,203 sq.m. As of December 31, 2010, 360 residential units, with an aggregate saleable GFA of approximately 68,143 sq.m., as well as 45 retail shops, with an aggregate saleable GFA of approximately 2,139 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 268 residential units with an aggregate saleable GFA of approximately 62,086 sq.m. and 21 retail shops with an aggregate saleable GFA of approximately 1,064 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 210,814 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 160,876 sq.m. Construction of these properties commenced on April 8, 2010 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 857 residential units with an aggregate saleable GFA of approximately 160,472 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 123,693 sq.m. and had an expected aggregate GFA of approximately 89,766 sq.m.

As of December 31, 2010, the total development costs of Maoming Country Garden (including the costs of land acquisition and construction) were RMB611.4 million.

Maoming Country Garden offers various types of products, including townhouses, low-rise apartment buildings, high-rise apartment buildings and retail shops.

Qingyuan City, Guangdong Province

Yangshan Country Garden (陽山碧桂園)

Yangshan Country Garden is located at South of New City District, Yangshan County, Qingyuan City. It is being developed by Yangshan Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 599,619 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 773,145 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 80,200 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 59,686 sq.m. Construction of these properties commenced on December 1, 2008 and was completed on October 29, 2010. The completed properties comprise 342 residential units with an aggregate saleable GFA of approximately 56,867 sq.m., as well as 18 retail shops with an aggregate saleable GFA of approximately 610 sq.m. As of December 31, 2010, 282 residential units, with an aggregate saleable GFA of approximately 43,940 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 60 residential units with an aggregate saleable GFA of approximately 12,927 sq.m. and 18 retail shops with an aggregate saleable GFA of approximately 610 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 35,500 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 47,140 sq.m. Construction of these properties commenced on April 1, 2010 and is expected to be completed in the third quarter 2011. Upon completion, there will be 372 residential units with an aggregate saleable GFA of approximately 45,729 sq.m. and 36 retail shops with an aggregate saleable GFA of approximately 1,229 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 483,919 sq.m. and had an expected aggregate GFA of approximately 666,319 sq.m.

As of December 31, 2010, the total development costs of Yangshan Country Garden (including the costs of land acquisition and construction) were RMB319.2 million.

Yangshan Country Garden offers various types of products, including townhouses, low-rise apartment buildings and retail shops, and is expected to offer high-rise apartment buildings in the future. It will also feature a hotel developed to the five-star rating standard.

Holiday Islands—Qingyuan (假日半島—清遠)

Holiday Islands—Qingyuan is located at Shijiao Town, Qingcheng District, Qingyuan City. It is being developed by Qingyuan Holiday Islands Country Garden Real Estate Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 698,428 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 436,048 sq.m.

As of December 31, 2010, there was no completed property in Holiday Islands—Qingyuan.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 698,428 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 436,048 sq.m. Construction of these properties commenced on November 11, 2009 and is expected to be completed in the fourth quarter 2011. Upon completion, there will be 1,889 residential units with an aggregate saleable GFA of approximately 434,308 sq.m.

As of December 31, 2010, there was no property held for future development in Holiday Islands—Qingyuan.

As of December 31, 2010, the total development costs of Holiday Islands—Qingyuan (including the costs of land acquisition and construction) were RMB955 million.

Holiday Islands—Qingyuan offers townhouses.

Country Garden—Spring City (碧桂園 • 清泉城)

Country Garden—Spring City is located Lianyao Village, Shuitou Town, Fogang County, Qingyuan City. It is being developed by Fogang Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 699,761 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 480,044 sq.m.

As of December 31, 2010, there was no completed property in Country Garden—Spring City.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 161,727 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 69,035 sq.m. Construction of these properties commenced on April 2, 2010 and is expected to be completed in the third quarter 2011. Upon completion, there will be 311 residential units with an aggregate saleable GFA of approximately 69,035 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 538,034 sq.m. and had an expected aggregate GFA of approximately 411,009 sq.m.

As of December 31, 2010, the total development costs of Country Garden—Spring City (including the costs of land acquisition and construction) were RMB251.5 million.

Country Garden—Spring City is expected to offer townhouses, high-rise apartment buildings in the future. It will also feature a hotel developed to the five-star rating standard.

Dongguan City, Guangdong Province

Dalang Country Garden (大朗碧桂園)

Dalang Country Garden is located at the intersection of Langdong Road and Langchang Road of Dalang Town, Donguan City. It is being developed by Dongguan Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 236,660 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 383,020 sq.m.

As of December 31, 2010, there was no completed property in Dalang Country Garden.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 236,660 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 383,020 sq.m. Construction of these properties commenced on April 27, 2010 and is expected to be completed in the third quarter 2012. Upon completion, there will be 3,146 residential units with an aggregate saleable GFA of approximately 370,635 sq.m. and 46 retail shops with an aggregate saleable GFA of approximately 2,658 sq.m.

As of December 31, 2010, there was no property held for future development in Dalang Country Garden.

As of December 31, 2010, the total development costs of Dalang Country Garden (including the costs of land acquisition and construction) were RMB825.5 million.

Dalang Country Garden offers various types of products, including townhouses and low-rise apartment buildings, and is expected to offer high-rise apartment buildings and retail shops in the future.

Yunfu City, Guangdong Province

Yunfu Country Garden (雲浮碧桂園)

Yunfu Country Garden is located in Jinshan District, Chengbei, Yunfu City. It is being developed by Yunfu Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 138,859 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 125,371 sq.m.

As of December 31, 2010, there was no completed property in Yunfu Country Garden.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 89,519 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 59,829 sq.m. Construction of these properties commenced on May 7, 2010 and is expected to be completed in the first quarter 2012. Upon completion, there will be 244 residential units with an aggregate saleable GFA of approximately 59,550 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 49,340 sq.m. and had an expected aggregate GFA of approximately 65,542 sq.m.

As of December 31, 2010, the total development costs of Yunfu Country Garden (including the costs of land acquisition and construction) were RMB221.1 million.

Yunfu Country Garden offers townhouses, and is expected to offer high-rise apartment buildings in the future. It will also feature a hotel developed to the five-star rating standard.

Heyuan City, Guangdong Province

Heyuan Country Garden (河源碧桂園)

Heyuan Country Garden is located at the intersection of Yanjiang Road and Jianshe Avenue, Yuancheng District, Heyuan City. It is being developed by Heyuan Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 552,738 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,105,475 sq.m.

As of December 31, 2010, there was no completed property or property under development in Heyuan Country Garden.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 552,738 sq.m. and had an expected aggregate GFA of approximately 1,105,475 sq.m.

As of December 31, 2010, the total development costs of Heyuan Country Garden (including the costs of land acquisition and construction) were RMB 177.3 million.

Heyuan Country Garden is expected to offer townhouses and low-rise apartment buildings in the future.

Zhongshan City, Guangdong Province

Country Garden Grand Lake (碧桂園秀麗湖)

Country Garden Grand Lake is located next to Xiuli Lake, Changmingshui Village, Wugui Mountain, Zhongshan City. It is being developed by Zhongshan Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 109,862 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 79,886 sq.m.

As of December 31, 2010, there was no completed property in Country Garden Grand Lake.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 109,862 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 79,886 sq.m. Construction of these properties commenced on September 29, 2010 and is expected to be completed in the fourth quarter 2011. Upon completion, there will be 100 residential units with an aggregate saleable GFA of approximately 74,477 sq.m.

As of December 31, 2010, there was no property held for future development in Country Garden Grand Lake.

As of December 31, 2010, the total development costs of Country Garden Grand Lake (including the costs of land acquisition and construction) were RMB328.7 million.

Country Garden Grand Lake is expected to offer townhouses in the future.

Changsha City, Hunan Province

Changsha Country Garden (長沙碧桂園)

Changsha Country Garden is located at the north end of Xingsha Avenue, Changsha City. It is being developed by Changsha Venice Palace Property Development Co., Ltd. ("Changsha Venice Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 1,724,298 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 943,028 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 1,473,959 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 687,310 sq.m. Construction of these properties commenced on March 1, 2006 and was completed on November 2, 2010. The completed properties comprise 2,335 residential units with an aggregate saleable GFA of approximately 618,396 sq.m., as well as 91 retail shops with an aggregate saleable GFA of approximately 23,242 sq.m. As of December 31, 2010, 2,104 residential units, with an aggregate saleable GFA of approximately 531,475 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 231 residential units with an aggregate saleable GFA of approximately 86,921 sq.m. and 91 retail shops with an aggregate saleable GFA of approximately 23,242 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 152,166 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 175,024 sq.m. Construction of these properties commenced on November 25, 2009 and is expected to be completed in the second quarter 2012. Upon completion, there will be 1,331 residential units with an aggregate saleable GFA of approximately 174,344 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 98,173 sq.m. and had an expected aggregate GFA of approximately 80,694 sq.m.

As of December 31, 2010, the total development costs of Changsha Country Garden (including the costs of land acquisition and construction) were RMB2,851.3 million.

Changsha Country Garden has been awarded the title of 2006 Changsha Best Waterscape Real Estate Development (2006長沙最佳水景樓盤) by Changsha Housing Authority Property Bureau (長沙市房屋產權管理局) and the Top Ten Brands (十大品牌企業) by Changsha Real Estate Association (長沙市房地產開發協會).

Changsha Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings and retail shops. This development features Changsha Venice Palace Hotel (長沙威尼斯酒店), a hotel built to the five-star standard, bilingual schools and a commercial plaza.

Country Garden—Hill Lake Palace (碧桂園 • 山湖城)

Country Garden—Hill Lake Palace is located at Jinzhou Avenue, Ningxiang County, Changsha City. It is being developed by Changsha Ningxiang Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 821,252 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 640,702 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 400,356 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 230,307 sq.m. Construction of these properties commenced on November 12, 2007 and was completed on October 25, 2010. The completed properties comprise 939 residential units with an aggregate saleable GFA of approximately 222,252 sq.m., as well as 35 retail shops with an aggregate saleable GFA of approximately 6,865 sq.m. As of December 31, 2010, 432 residential units, with an aggregate saleable GFA of approximately 103,721 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 507 residential units with an aggregate saleable GFA of approximately 118,531 sq.m. and 35 retail shops with an aggregate saleable GFA of approximately 6,865 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 46,781 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 38,530 sq.m. Construction of these properties commenced on December 12, 2007 and is expected to be completed in the fourth quarter 2011. Upon completion, there will be a composite building with an aggregate saleable GFA of approximately 13,134 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 374,115 sq.m. and had an expected aggregate GFA of approximately 371,865 sq.m.

As of December 31, 2010, the total development costs of Country Garden—Hill Lake Palace (including the costs of land acquisition and construction) were RMB931.1 million.

Country Garden—Hill Lake Palace offers various types of products, including townhouses, low-rise apartment buildings and retail shops. The development will feature a hotel developed to the five-star rating standard.

Liuyang Country Garden (瀏陽碧桂園)

Liuyang Country Garden is located at the Shishuang Avenue, Liuyang District, Changsha City. It is being developed by Liuyang Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 448,062 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 372,574 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 136,759 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 95,142 sq.m. Construction of these properties commenced on December 9, 2008 and was completed on September 30, 2010. The completed properties comprise 516 residential units with an aggregate saleable GFA of approximately 89,102 sq.m., as well as 39 retail shops with an aggregate saleable GFA of approximately 2,136 sq.m. As of December 31, 2010, 348 residential units, with an aggregate saleable GFA of approximately 61,556 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 168 residential units with an aggregate saleable GFA of approximately 27,546 sq.m. and 39 retail shops with an aggregate saleable GFA of approximately 2,136 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 87,079 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 60,366 sq.m. Construction of these properties commenced on April 10, 2010 and is expected to be completed in the third quarter 2011. Upon completion, there will be 321 residential units with an aggregate saleable GFA of approximately 60,216 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 224,224 sq.m. and had an expected aggregate GFA of approximately 217,066 sq.m.

As of December 31, 2010, the total development costs of Liuyang Country Garden (including the costs of land acquisition and construction) were RMB535.3 million.

Liuyang Country Garden offers various types of products, including townhouses, low-rise apartment buildings and retail shops, and is expected to offer high-rise apartment buildings in the future.

Yiyang City, Hunan Province

Yiyang Country Garden (益陽碧桂園)

Yiyang Country Garden is located at the Kangfu Avenue, Yiyang City. It is being developed by Yiyang Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 563,411 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 549,035 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 150,367 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 97,410 sq.m. Construction of these properties commenced on April 2, 2009 and was completed on December 9, 2010. The completed properties comprise 455 residential units with an aggregate saleable GFA of approximately 90,472 sq.m., as well as 108 retail shops with an aggregate saleable GFA of approximately 6,422 sq.m. As of December 31, 2010, 191 residential units, with an aggregate saleable GFA of approximately 39,600 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 264 residential units with an aggregate saleable GFA of approximately 50,872 sq.m. and 108 retail shops with an aggregate saleable GFA of approximately 6,422 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 53,559 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 33,314 sq.m. Construction of these properties commenced on April 28, 2010 and is expected to be completed in the second quarter 2011. Upon completion, there will be 136 residential units with an aggregate saleable GFA of approximately 33,314 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 359,485 sq.m. and had an expected aggregate GFA of approximately 418,311 sq.m.

As of December 31, 2010, the total development costs of Yiyang Country Garden (including the costs of land acquisition and construction) were RMB444.2 million.

Yiyang Country Garden offers various types of products, including townhouses, low-rise apartment buildings and retail shops. The development will feature a hotel developed to the five-star rating standard.

Taizhou City, Jiangsu Province

Taizhou Country Garden (泰州碧桂園)

Taizhou Country Garden is located in the northeast of Hailing District, Taizhou City. It is being developed by Taizhou Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 718,244 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 774,855 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 329,248 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 399,793 sq.m. Construction of these properties commenced on August 8, 2007 and was completed on December 3, 2010. The completed properties comprise 1,941 residential units with an aggregate saleable GFA of approximately 385,472 sq.m. As of December 31, 2010, 1,222 residential units, with an aggregate saleable GFA of approximately 234,553 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 719 residential units with an aggregate saleable GFA of approximately 150,919 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 246,146 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 222,773 sq.m. Construction of these properties commenced on June 27, 2007 and is expected to be completed in the second quarter 2012. Upon completion, there will be 1,107 residential units with an aggregate saleable GFA of approximately 214,271 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 142,850 sq.m. and had an expected aggregate GFA of approximately 152,289 sq.m.

As of December 31, 2010, the total development costs of Taizhou Country Garden (including the costs of land acquisition and construction) were RMB1,651.1 million.

Taizhou Country Garden offers various types of products, including townhouses and high-rise apartment buildings. The development will feature a hotel developed to the five-star rating standard.

Zhenjiang City, Jiangsu Province

Country Garden—Phoenix City (碧桂園 • 鳳凰城)

Country Garden—Phoenix City is located at S122 Avenue, Development Zone, Jurong District, Zhenjiang City. It is being developed by Jurong Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 165,907 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 542,392 sq.m.

As of December 31, 2010, there was no completed property or property under development in Country Garden—Phoenix City.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 165,907 sq.m. and had an expected aggregate GFA of approximately 542,392 sq.m.

As of December 31, 2010, the total development costs of Country Garden—Phoenix City (including the costs of land acquisition and construction) were RMB219.7 million.

Country Garden—Phoenix City is expected to offer townhouses and high-rise apartment buildings in the future. The development will feature a hotel developed to the five-star rating standard.

Wuhan City, Hubei Province

Wuhan Country Garden (武漢碧桂園)

Wuhan Country Garden is located at Zilin Street of Hannan District, Wuhan City. It is being developed by Wuhan Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 808,869 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 783,282 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 203,506 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 208,159 sq.m. Construction of these properties commenced on December 28, 2007 and was completed on November 3, 2010. The completed properties comprise 1,449 residential units with an aggregate saleable GFA of approximately 206,102 sq.m. As of December 31, 2010, 1,211 residential units, with an aggregate saleable GFA of approximately 155,085 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 238 residential units with an aggregate saleable GFA of approximately 51,017 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 389,105 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 447,531 sq.m. Construction of these properties commenced on January 30, 2008 and is expected to be completed in the fourth quarter 2013. Upon completion, there will be 2,697 residential units with an aggregate saleable GFA of approximately 414,318 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 216,258 sq.m. and had an expected aggregate GFA of approximately 127,592 sq.m.

As of December 31, 2010, the total development costs of Wuhan Country Garden (including the costs of land acquisition and construction) were RMB1,034.2 million.

Wuhan Country Garden offers various types of products, including townhouses, low-rise apartment buildings and high-rise apartment buildings. The development features a hotel developed to the five-star rating standard, the Wuhan Country Garden Phoenix Hotel (武漢碧桂園鳳凰酒店), which commenced partial trial operation on October 30, 2010.

Xianning City, Hubei Province

Xianning Country Garden (咸寧碧桂園)

Xianning Country Garden is located in Pansizhou of Xian'an District, Xianning City. It is being developed by Xianning Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 666,668 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 440,243 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 260,169 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 164,365 sq.m. Construction of these properties commenced on January 15, 2008 and was completed on June 25, 2010. The completed properties comprise 1,002 residential units with an aggregate saleable GFA of approximately 160,988 sq.m. As of December 31, 2010, 669 residential units, with an aggregate saleable GFA of approximately 95,919 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 333 residential units with an aggregate saleable GFA of approximately 65,069 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 100,450 sq.m. and had an expected aggregate GFA (including saleable and

non-saleable GFA) of approximately 71,743 sq.m. Construction of these properties commenced on May 23, 2008 and is expected to be completed in the third quarter 2011. Upon completion, there will be 428 residential units with an aggregate saleable GFA of approximately 66,079 sq.m. and 33 retail shops with an aggregate saleable GFA of approximately 5,207 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 306,049 sq.m. and had an expected aggregate GFA of approximately 204,135 sq.m.

As of December 31, 2010, the total development costs of Xianning Country Garden (including the costs of land acquisition and construction) were RMB716.1 million.

Xianning Country Garden offers various types of products, including townhouses, low-rise apartment buildings, high-rise apartment buildings and retail shops.

Country Garden—Hot Spring City (碧桂園•溫泉城)

Country Garden—Hot Spring City is located at Yuzuo Village, Xian'an District, Xianing City. It is being developed by Xianning Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 789,100 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 531,278 sq.m.

As of December 31, 2010, there was no completed property in Country Garden—Hot Spring City.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 325,148 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 192,593 sq.m. Construction of these properties commenced on February 7, 2010 and is expected to be completed in the third quarter 2011. Upon completion, there will be 1,054 residential units with an aggregate saleable GFA of approximately 191,959 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 463,952 sq.m. and had an expected aggregate GFA of approximately 338,685 sq.m.

As of December 31, 2010, the total development costs of Country Garden—Hot Spring City (including the costs of land acquisition and construction) were RMB306.9 million.

Country Garden—Hot Spring City offers various types of products, including townhouses and low-rise apartment buildings, and is expected to offer retail shops in the future. This development features Country Garden Phoenix Hot Spring Hotel (碧桂園鳳凰溫泉酒店), a hotel built to the five-star rating standard.

Suizhou City, Hubei Province

Suizhou Country Garden (隨州碧桂園)

Suizhou Country Garden is located at Chengnan District, Suizhou City. It is being developed by Suizhou Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 1,258,814 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,422,114 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 316,775 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 212,657 sq.m. Construction of these properties commenced on May 21, 2008 and was completed on November 15, 2010. The completed properties comprise 1,171 residential units with an aggregate saleable GFA of approximately 206,559 sq.m., as well as 30 retail shops with an aggregate saleable GFA of approximately 1,701 sq.m. As of December 31, 2010, 891 residential units, with an aggregate saleable GFA of approximately 125,025 sq.m., as well as 25 retail shops, with an aggregate saleable GFA of approximately 1,391 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 280 residential units with an aggregate saleable GFA of approximately 81,534 sq.m. and five retail shops with an aggregate saleable GFA of approximately 310 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 175,417 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 143,902 sq.m. Construction of these properties commenced on May 21, 2008 and is expected to be completed in the third quarter 2011. Upon completion, there will be 840 residential units with an aggregate saleable GFA of approximately 143,350 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 766,622 sq.m. and had an expected aggregate GFA of approximately 1,065,555 sq.m.

As of December 31, 2010, the total development costs of Suizhou Country Garden (including the costs of land acquisition and construction) were RMB1,356.2 million.

Suizhou Country Garden offers various types of products, including townhouses, low-rise apartment buildings and retail shops, and is expected to offer high-rise apartment buildings in the future. The development features a hotel developed to the five-star rating standard, the Suizhou Country Garden Phoenix Hotel (隨州碧桂園鳳凰酒店), which commenced partial trial operation on May 20, 2009.

Jingmen City, Hubei Province

Jingmen Country Garden (荊門碧桂園)

Jingmen Country Garden is located at North Side of Fengyuan Road, Duodao District, Jingmen City. It is being developed by Jingmen Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 385,976 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 250,432 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 134,107 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 95,351 sq.m. Construction of these properties commenced on January 15, 2009 and was completed on December 29, 2010. The completed properties comprise

432 residential units with an aggregate saleable GFA of approximately 94,828 sq.m. As of December 31, 2010, 415 residential units, with an aggregate saleable GFA of approximately 91,009 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 17 residential units with an aggregate saleable GFA of approximately 3,819 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 140,427 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 104,583 sq.m. Construction of these properties commenced on September 28, 2009 and is expected to be completed in the second quarter 2011. Upon completion, there will be 559 residential units with an aggregate saleable GFA of approximately 101,470 sq.m. and 55 retail shops with an aggregate saleable GFA of approximately 2,739 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 111,442 sq.m. and had an expected aggregate GFA of approximately 50,498 sq.m.

As of December 31, 2010, the total development costs of Jingmen Country Garden (including the costs of land acquisition and construction) were RMB394.2 million.

Jingmen Country Garden offers various types of products, including townhouses, low-rise apartment buildings and retail shops. This development features Jingmen Country Garden Phoenix Hotel (荊門碧桂園鳳凰酒店), a hotel built to the five-star rating standard.

Chongqing Municipality

Changshou Country Garden (長壽碧桂園)

Changshou Country Garden is located at the eastern part of Taohuaxincheng, Changshou District, Chongqing Municipality. It is being developed by Chongqing Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 288,825 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 463,355 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 232,010 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 387,110 sq.m. Construction of these properties commenced on November 5, 2007 and was completed on October 22, 2010. The completed properties comprise 2,926 residential units with an aggregate saleable GFA of approximately 361,719 sq.m., as well as 27 retail shops with an aggregate saleable GFA of approximately 3,567 sq.m. and 70 parking spaces with an aggregate saleable GFA of approximately 1,255 sq.m. As of December 31, 2010, 2,441 residential units, with an aggregate saleable GFA of approximately 283,817 sq.m., as well as six retail shops, with an aggregate saleable GFA of approximately 705 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 485 residential units with an aggregate saleable GFA of approximately 77,902 sq.m., 21 retail shops with an aggregate saleable GFA of approximately 2,862 sq.m. and 70 parking spaces with an aggregate GFA of approximately 1,255 sq.m.

As of December 31, 2010, there was no property under development in Changshou Country Garden.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 56,815 sq.m. and had an expected aggregate GFA of approximately 76,245 sq.m.

As of December 31, 2010, the total development costs of Changshou Country Garden (including the costs of land acquisition and construction) were RMB992.8 million.

Changshou Country Garden offers various types of products, including townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops and parking spaces. This development features Chongqing Country Garden Phoenix Hotel (重慶碧桂園鳳凰酒店), a hotel built to the five-star rating standard.

Chaohu City, Anhui Province

Country Garden Lakeside City (碧桂園濱湖城)

Country Garden Lakeside City is located at Jingtanghe Village, Zhongmiao Town, Chaohu City. It is being developed by Anhui Zhongmiao Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 1,167,883 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 765,053 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 663,025 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 377,001 sq.m. Construction of these properties commenced on December 13, 2007 and was completed on December 30, 2010. The completed properties comprise 2,177 residential units with an aggregate saleable GFA of approximately 348,983 sq.m., as well as 59 retail shops with an aggregate saleable GFA of approximately 25,259 sq.m. As of December 31, 2010, 1,678 residential units, with an aggregate saleable GFA of approximately 250,715 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 499 residential units with an aggregate saleable GFA of approximately 98,268 sq.m. and 59 retail shops with an aggregate saleable GFA of approximately 25,259 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 356,577 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 280,961 sq.m. Construction of these properties commenced on January 29, 2008 and is expected to be completed in the fourth quarter 2011. Upon completion, there will be 1,813 residential units with an aggregate saleable GFA of approximately 238,694 sq.m. and a supermarket with an aggregate saleable GFA of approximately 38,991 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 148,281 sq.m. and had an expected aggregate GFA of approximately 107,091 sq.m.

As of December 31, 2010, the total development costs of Country Garden Lakeside City (including the costs of land acquisition and construction) were RMB1,300.6 million.

Country Garden Lakeside City offers various types of products, including townhouses, low-rise apartment buildings, high-rise apartment buildings and retail shops. The development will feature a hotel developed to the five-star rating standard.

Country Garden—Hill Lake City (碧桂園•如山湖城)

Country Garden-Hill Lake City is located at Rufangshan Road, Shiyang Street, Shiyang Town, Hexian, Chaohu City. It is being developed by Anhui Hexian Country Garden Property Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 1,635,511 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,000,756 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 188,968 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 99,751 sq.m. Construction of these properties commenced on May 9, 2008 and was completed on June 28, 2010. The completed properties comprise 278 residential units with an aggregate saleable GFA of approximately 99,751 sq.m. As of December 31, 2010, the completed properties, which included sold but undelivered properties and unsold properties, comprised 278 residential units with an aggregate saleable GFA of approximately 99,751 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 730,722 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 547,118 sq.m. Construction of these properties commenced on May 9, 2008 and is expected to be completed in the fourth quarter 2011. Upon completion, there will be 4,304 residential units with an aggregate saleable GFA of approximately 522,479 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 715,821 sq.m. and had an expected aggregate GFA of approximately 353,887 sq.m.

As of December 31, 2010, the total development costs of Country Garden—Hill Lake City (including the costs of land acquisition and construction) were RMB1,328.3 million.

Country Garden—Hill Lake City offers various types of products, including townhouses and high-rise apartment buildings. The development will feature a hotel developed to the five-star rating standard.

Chaohu Country Garden (巢湖碧桂園)

Chaohu Country Garden is located at the North of Chaolu Road, Nan'an, Chaohu City. It is being developed by Chaohu Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 847,355 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 685,317 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 213,129 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 132,882 sq.m. Construction of these properties commenced on April 23, 2008 and was completed on December 30, 2010. The completed properties comprise 744 residential units with an aggregate saleable GFA of approximately 132,882 sq.m. As of December 31, 2010, 631 residential units, with an aggregate saleable GFA of approximately 104,741 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 113 residential units with an aggregate saleable GFA of approximately 28,141 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 222,848 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 173,153 sq.m. Construction of these properties commenced on May 16, 2008 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 1,246 residential units with an aggregate saleable GFA of approximately 146,493 sq.m. and a commercial plaza with an aggregate saleable GFA of approximately 23,198 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 411,378 sq.m. and had an expected aggregate GFA of approximately 379,282 sq.m.

As of December 31, 2010, the total development costs of Chaohu Country Garden (including the costs of land acquisition and construction) were RMB700.5 million.

Chaohu Country Garden offers various types of products, including townhouses, low-rise apartment buildings and high-rise apartment buildings. The development will feature a hotel developed to the five-star rating standard.

Anqing City, Anhui Province

Anqing Country Garden (安慶碧桂園)

Anqing Country Garden is located at Xincheng Business District, the East of Yingjiang District, Anqing City. It is being developed by Anqing Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 1,651,825 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,733,346 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 470,472 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 290,173 sq.m. Construction of these properties commenced on June 19, 2008 and was completed on December 10, 2010. The completed properties comprise 1,511 residential units with an aggregate saleable GFA of approximately 287,268 sq.m. and 38 parking spaces with an aggregate saleable GFA of approximately 931 sq.m. As of December 31, 2010, 1,423 residential units, with an aggregate saleable GFA of approximately 257,427 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 88 residential units with an aggregate saleable GFA of approximately 29,841 sq.m. and 38 parking spaces with an aggregate GFA of approximately 931 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 380,875 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 251,868 sq.m. Construction of these properties commenced on June 19, 2008 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 1,080 residential units with an aggregate saleable GFA of approximately 178,540 sq.m., 100 retail shops with an aggregate saleable GFA of approximately 20,732 sq.m. and 36 parking spaces with an aggregate saleable GFA of approximately 1,006 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 800,478 sq.m. and had an expected aggregate GFA of approximately 1,191,305 sq.m.

As of December 31, 2010, the total development costs of Anqing Country Garden (including the costs of land acquisition and construction) were RMB1,995.2 million.

Anqing Country Garden offers various types of products, including townhouses, low-rise apartment buildings, retail shops and parking spaces, and is expected to offer high-rise apartment buildings in the future. The development features a hotel developed to the five-star rating standard, Anqing Country Garden Phoenix Hotel (安慶碧桂園鳳凰酒店), which commenced partial trial operation on October 29, 2009.

Chizhou City, Anhui Province

Chizhou Country Garden (池州碧桂園)

Chizhou Country Garden is located at the opposite site of Chizhou Railway Station, Chizhou City. It is being developed by Chizhou Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 436,795 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 345,091 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 114,339 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 98,897 sq.m. Construction of these properties commenced on January 27, 2008 and was completed on July 29, 2010. The completed properties comprise 650 residential units with an aggregate saleable GFA of approximately 97,332 sq.m. As of December 31, 2010, 604 residential units, with an aggregate saleable GFA of approximately 84,126 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 46 residential units with an aggregate saleable GFA of approximately 13,206 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 248,572 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 131,304 sq.m. Construction of these properties commenced on January 27, 2008 and is expected to be completed in the fourth quarter 2011. Upon completion, there will be 418 residential units with an aggregate saleable GFA of approximately 131,304 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 73,884 sq.m. and had an expected aggregate GFA of approximately 114,890 sq.m.

As of December 31, 2010, the total development costs of Chizhou Country Garden (including the costs of land acquisition and construction) were RMB751.2 million.

Chizhou Country Garden offers various types of products, including townhouses and low-rise apartment buildings, and is expected to offer high-rise apartment buildings in the future. The development will feature a hotel developed to the five-star rating standard.

Huangshan City, Anhui Province

Huangshan Country Garden (黃山碧桂園)

Huangshan Country Garden is located at Meilin Avenue, Huangshan Economic and Technological Development Zone, Huangshan City. It is being developed by Huangshan Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 322,029 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 333,319 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 261,223 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 238,311 sq.m. Construction of these properties commenced on January 6, 2008 and was completed on October 30, 2010. The completed properties comprise 1,827 residential units with an aggregate saleable GFA of approximately 230,164 sq.m., as well as 12 retail shops with an aggregate saleable GFA of approximately 1,047 sq.m. As of December 31, 2010, 1,152 residential units, with an aggregate saleable GFA of approximately 158,565 sq.m., as well as six retail shops, with an aggregate saleable GFA of approximately 436 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 675 residential units with an aggregate saleable GFA of approximately 71,599 sq.m. and six retail shops with an aggregate saleable GFA of approximately 611 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 37,130 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 50,559 sq.m. Construction of these properties commenced on February 2, 2010 and is expected to be completed in the fourth quarter 2011. Upon completion, there will be 174 residential units with an aggregate saleable GFA of approximately 22,113 sq.m. and 57 retail shops with an aggregate saleable GFA of approximately 24,093 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 23,676 sq.m. and had an expected aggregate GFA of approximately 44,449 sq.m.

As of December 31, 2010, the total development costs of Huangshan Country Garden (including the costs of land acquisition and construction) were RMB660.7 million.

Huangshan Country Garden offers various types of products, including townhouses, low-rise apartment buildings, high-rise apartment buildings and retail shops. The development will feature a hotel developed to the five-star rating standard.

Wuhu City, Anhui Province

Wuhu Country Garden (蕪湖碧桂園)

Wuhu Country Garden is located at Longwo Lake, Sanshan District, Wuhu City. It is being developed by Wuhu Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 1,490,508 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 2,569,041 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 471,220 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 359,383 sq.m. Construction of these properties commenced on June 25, 2008 and was completed on December 15, 2010. The completed properties comprise 2,007 residential units with an aggregate saleable GFA of approximately 351,354 sq.m. As of December 31, 2010, 1,258 residential units, with an aggregate saleable GFA of approximately 213,940 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 749 residential units with an aggregate saleable GFA of approximately 137,414 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 520,195 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 452,192 sq.m. Construction of these properties commenced on June 25, 2008 and is expected to be completed in the second quarter 2012. Upon completion, there will be 2,719 residential units with an aggregate saleable GFA of approximately 428,185 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 499,093 sq.m. and had an expected aggregate GFA of approximately 1,757,466 sq.m.

As of December 31, 2010, the total development costs of Wuhu Country Garden (including the costs of land acquisition and construction) were RMB3,033.9 million.

Wuhu Country Garden has been awarded the title of 2008 Model of the Communities Impacted China(2008年影響中國的典範社區) by China Mainstream Media Real Estate Alliance (中國主流媒體房地產聯盟) and National Real Estate Commercial Alliance (全國房地產商會聯盟).

Wuhu Country Garden offers various types of products, including townhouses, low-rise apartment buildings and high-rise apartment buildings. This development features Wuhu Country Garden Maritim Hotel (蕪湖碧桂園瑪麗蒂姆酒店), a hotel built to the five-star rating standard.

Chuzhou City, Anhui Province

Chuzhou Country Garden (provisional name) (滁州碧桂園(暫定名))

Chuzhou Country Garden is located at Xuning Expressway, Wuyi Town, Chuzhou City. It is being developed by Chuzhou Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 818,764 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,439,426 sq.m.

As of December 31, 2010, there was no completed property in Chuzhou Country Garden.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 393,664 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 444,172 sq.m. Construction of these properties commenced on October 12, 2010 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 3,335 residential units with an aggregate saleable GFA of approximately 417,175 sq.m. and a commercial plaza with an aggregate saleable GFA of approximately 21,605 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 425,100 sq.m. and had an expected aggregate GFA of approximately 995,254 sq.m.

As of December 31, 2010, the total development costs of Chuzhou Country Garden (including the costs of land acquisition and construction) were RMB597.0 million.

Chuzhou Country Garden is expected to offer townhouses and high-rise apartment buildings in the future. The development will feature a hotel developed to the five-star rating standard.

Shenyang City, Liaoning Province

Country Garden—Sun Palace (碧桂園•太陽城)

Country Garden—Sun Palace is located in Shangxiao Village Daoyi Town, Shenbei District, Shenyang City. It is being developed by Shenyang Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 619,661 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,060,264 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 248,112 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 217,773 sq.m. Construction of these properties commenced on September 30, 2007 and was completed on October 26, 2010. The completed properties comprise 1,437 residential units with an aggregate saleable GFA of approximately 214,784 sq.m. As of December 31, 2010, 1,037 residential units, with an aggregate saleable GFA of approximately 160,041 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 400 residential units with an aggregate saleable GFA of approximately 54,743 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 143,726 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 284,232 sq.m. Construction of these properties commenced on November 6, 2007 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 2,676 residential units with an aggregate saleable GFA of approximately 278,032 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 227,823 sq.m. and had an expected aggregate GFA of approximately 558,259 sq.m.

As of December 31, 2010, the total development costs of Country Garden—Sun Palace (including the costs of land acquisition and construction) were RMB1,509.7 million.

Country Garden—Sun Palace offers townhouses and high-rise apartment buildings.

Shenyang Country Garden (瀋陽碧桂園)

Shenyang Country Garden is located in Huashan Village, Huishan Agricultural High-tech Development Zone, Shenyang City. It is being developed by Shenyang Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 1,128,903 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,457,428 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 433,814 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 232,843 sq.m. Construction of these properties commenced on July 21, 2007 and was completed on October 27, 2010. The completed properties comprise 904 residential units with an aggregate saleable GFA of approximately 226,523 sq.m., as well as 29 retail shops with an aggregate saleable GFA of approximately 4,314 sq.m. and 72 parking spaces with an aggregate saleable GFA of approximately 1,975 sq.m. As of December 31, 2010, 452 residential units, with an aggregate saleable GFA of approximately 148,513 sq.m., and 17 parking spaces, with an aggregate saleable GFA of approximately 456 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 452 residential units with an aggregate saleable GFA of approximately 78,010 sq.m., 29 retail shops with an aggregate saleable GFA of approximately 4,314 sq.m. and 55 parking spaces with an aggregate GFA of approximately 1,519 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 193,709 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 162,847 sq.m. Construction of these properties commenced on July, 21 2007 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 620 residential units with an aggregate saleable GFA of approximately 159,083 sq.m. and 18 parking spaces with an aggregate saleable GFA of approximately 494 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 501,380 sq.m. and had an expected aggregate GFA of approximately 1,061,738 sq.m.

Shenyang Country Garden has been awarded the title of the Most Worthy-Purchasing Project of New Perspective of China's Real Estate Development (2009中國地產新視角最具購買價值專案) by Sohu (搜狐網) and Focus Real Estate Network (焦點房地產網).

As of December 31, 2010, the total development costs of Shenyang Country Garden (including the costs of land acquisition and construction) were RMB1,887.9 million.

Shenyang Country Garden offers various types of products, including townhouses, low-rise apartment buildings, retail shops and parking spaces, and is expected to offer high-rise apartment buildings in the future. The development will feature a hotel developed to the five-star rating standard.

Country Garden—Galaxy Palace (碧桂園•銀河城)

Country Garden—Galaxy Palace is located at Wanghe Road of Yuhong District, Shenyang City. It is being developed by Shenyang Huarui Real Estate Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 961,003 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,703,469 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 309,594 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 334,420 sq.m. Construction of these properties commenced on March 19, 2008 and was completed on November 29, 2010. The completed properties comprise 1,736 residential units with an aggregate saleable GFA of approximately 302,746 sq.m., as well as 79 retail shops with an aggregate saleable GFA of approximately 15,784 sq.m. As of December 31, 2010, 1,630 residential units, with an aggregate saleable GFA of approximately 278,330 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 106 residential units with an aggregate saleable GFA of approximately 24,416 sq.m. and 79 retail shops with an aggregate saleable GFA of approximately 15,784 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 221,881 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 394,801 sq.m. Construction of these properties commenced on March 19, 2008 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 2,658 residential units with an aggregate saleable GFA of approximately 373,576 sq.m. and 113 retail shops with an aggregate saleable GFA of approximately 20,214 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 429,528 sq.m. and had an expected aggregate GFA of approximately 974,248 sq.m.

As of December 31, 2010, the total development costs of Country Garden—Galaxy Palace (including the costs of land acquisition and construction) were RMB3,428.5 million.

Country Garden—Galaxy Palace offers various types of products, including townhouses, high-rise apartment buildings and retail shops. The development will feature a hotel developed to the five-star rating standard.

Country Garden—Phoenix City (碧桂園 • 鳳凰城)

Country Garden—Phoenix City is located at Dingxiang Street of Sujiatun District, Shenyang City. It is being developed by Shenyang Hunnan Xincheng Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 711,838 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,171,482 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 373,780 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 232,334 sq.m. Construction of these properties commenced on September 24, 2007 and was completed on August 26, 2010. The completed properties comprise 1,014 residential units with an aggregate saleable GFA of approximately 225,344 sq.m., as well as seven retail shops with an aggregate saleable GFA of approximately 3,882 sq.m. As of December 31, 2010, 788 residential units, with an aggregate saleable GFA of approximately 173,465 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 226 residential units with an aggregate saleable GFA of approximately 51,879 sq.m. and seven retail shops with an aggregate saleable GFA of approximately 3,882 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 281,796 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 891,309 sq.m. Construction of these properties commenced on September 24, 2007 and is expected to be completed in the second quarter 2013. Upon completion, there will be 6,624 residential units with an aggregate saleable GFA of approximately 872,183 sq.m. and 11 retail shops with an aggregate saleable GFA of approximately 13,655 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 56,262 sq.m. and had an expected aggregate GFA of approximately 47,839 sq.m.

As of December 31, 2010, the total development costs of Country Garden—Phoenix City (including the costs of land acquisition and construction) were RMB2,470.6 million.

Country Garden—Phoenix City offers various types of products, including townhouses, high-rise apartment buildings and retail shops, and is expected to offer low-rise apartment buildings in the future. The development will feature a hotel developed to the five-star rating standard.

Shenyang Country Garden (瀋陽碧桂園)

Shenyang Country Garden is located Mantang Street, Development Zone, Qipanshan, Shenyang City. It is being developed by Shenyang Qipanshan Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 169,683 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 132,353 sq.m.

As of December 31, 2010, there was no completed property or property under development in Shenyang Country Garden.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 169,683 sq.m. and had an expected aggregate GFA of approximately 132,353 sq.m.

As of December 31, 2010, the total development costs of Shenyang Country Garden (including the costs of land acquisition and construction) were RMB179.8 million.

Shenyang Country Garden is expected to offer townhouses in the future.

Anshan City, Liaoning Province

Haicheng Country Garden (海城碧桂園)

Haicheng Country Garden is located at Tiexixinghai Administration District, Anshan City. It is being developed by Haicheng Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 429,894 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 602,308 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 63,483 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 35,582 sq.m. Construction of these properties commenced on October 25, 2007 and was completed on September 29, 2010. The completed properties comprise 138 residential units with an aggregate saleable GFA of approximately 33,433 sq.m. As of December 31, 2010, 70 residential units, with an aggregate saleable GFA of approximately 16,529 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 68 residential units with an aggregate saleable GFA of approximately 16,904 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 229,241 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 351,490 sq.m. Construction of these properties commenced on October 25, 2007 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 3,549 residential units with an aggregate saleable GFA of approximately 350,932 sq.m. and five retail shops with an aggregate saleable GFA of approximately 558 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 137,170 sq.m. and had an expected aggregate GFA of approximately 215,236 sq.m.

As of December 31, 2010, the total development costs of Haicheng Country Garden (including the costs of land acquisition and construction) were RMB328.1 million.

Haicheng Country Garden offers townhouses and low-rise apartment buildings, and is expected to offer high-rise apartment buildings and retail shops in the future.

Hulunbei'er City, Inner Mongolia Autonomous Region

Manzhouli Country Garden (滿洲里碧桂園)

Manzhouli Country Garden is located at the intersection of Xinjia East Road and Hubei Road, Manzhouli, Hulunbei'er City. It is being developed by Manzhouli Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 1,356,018 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,589,271 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 109,087 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 83,864 sq.m. Construction of these properties commenced on July 23, 2007 and was completed on November 30, 2009. The completed properties comprise 504 residential units with an aggregate saleable GFA of approximately 74,266 sq.m. and 344 parking spaces with an aggregate saleable GFA of approximately 9,303 sq.m. As of December 31, 2010, 263 residential units, with an aggregate saleable GFA of approximately 37,740 sq.m., and 206 parking spaces with an aggregate saleable GFA of approximately 5,598 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 241 residential units with an aggregate saleable GFA of approximately 36,526 sq.m. and 138 parking spaces with an aggregate GFA of approximately 3,705 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 441,702 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 292,187 sq.m. Construction of these properties commenced on July 23, 2007 and is expected to be completed in the third quarter 2012. Upon completion, there will be 1,451 residential units with an aggregate saleable GFA of approximately 252,687 sq.m. and 228 retail shops with an aggregate saleable GFA of approximately 33,566 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 805,229 sq.m. and had an expected aggregate GFA of approximately 1,213,220 sq.m.

As of December 31, 2010, the total development costs of Manzhouli Country Garden (including the costs of land acquisition and construction) were RMB933.6 million.

Manzhouli Country Garden offers various types of products, including townhouses, low-rise apartment buildings and parking spaces, and is expected to offer retail shops in the future. The development will feature a hotel developed to the five-star rating standard and a commercial street.

Tongliao City, Inner Mongolia Autonomous Region

Tongliao Country Garden (通遼碧桂園)

Tongliao Country Garden is located at Jianguo North Road, Tongliao City. It is being developed by Tongliao Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 1,942,519 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,664,109 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 234,320 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 159,418 sq.m. Construction of these properties commenced on November 3, 2007 and was completed on November 22, 2010. The completed properties comprise 946 residential units with an aggregate saleable GFA of approximately 157,280 sq.m. and 58 parking spaces with an aggregate saleable GFA of approximately 1,443 sq.m. As of December 31, 2010, 757 residential units, with an aggregate saleable GFA of approximately 120,595 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 189 residential units with an aggregate saleable GFA of approximately 36,685 sq.m. and 58 parking spaces with an aggregate GFA of approximately 1,443 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 234,233 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 300,896 sq.m. Construction of these properties commenced on November 3, 2007 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 2,086 residential units with an aggregate saleable GFA of approximately 281,344 sq.m. and 19 retail shops with an aggregate saleable GFA of approximately 16,648 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 1,473,966 sq.m. and had an expected aggregate GFA of approximately 1, 203,795 sq.m.

As of December 31, 2010, the total development costs of Tongliao Country Garden (including the costs of land acquisition and construction) were RMB879.7 million.

Tongliao Country Garden offers various types of products, including townhouses, low-rise apartment buildings, retail shops and parking spaces, and is expected to offer high-rise apartment buildings in the future. The development will feature a hotel developed to the five-star rating standard.

Xing'anmeng, Inner Mongolia Autonomous Region

Xing'anmeng Country Garden (興安盟碧桂園)

Xing'anmeng Country Garden is located at Keerqin Town of Keyouqianqi, Xing'anmeng. It is being developed by Keyouqianqi Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 1,259,396 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 941,301 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 152,761 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 108,535 sq.m. Construction of these properties commenced on September 20, 2007 and was completed on October 13, 2010. The completed properties comprise 756 residential units with an aggregate saleable GFA of approximately 101,388 sq.m. As of December 31, 2010, 445 residential units, with an aggregate saleable GFA of approximately 61,433 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 311 residential units with an aggregate saleable GFA of approximately 39,955 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 374,140 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 196,864 sq.m. Construction of these properties commenced on September 20, 2007 and is expected to be completed in the fourth quarter 2012. Upon completion, there will be 1,114 residential units with an aggregate saleable GFA of approximately 196,864 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 732,495 sq.m. and had an expected aggregate GFA of approximately 635,902 sq.m.

As of December 31, 2010, the total development costs of Xing'anmeng Country Garden (including the costs of land acquisition and construction) were RMB827.1 million.

Xing'anmeng Country Garden offers townhouses and low-rise apartment buildings, and is expected to offer high-rise apartment buildings in the future. This development will feature a hotel developed to the five-star rating standard and a commercial street.

Suihua City, Heilongjiang Province

Suihua Country Garden (綏化碧桂園)

Suihua Country Garden is located at Zhongxingxi Avenue, Beilin District, Suihua City. It is being developed by Suihua Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 262,400 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 254,383 sq.m.

As of December 31, 2010, the completed properties occupied an aggregate site area of approximately 123,945 sq.m. and had an aggregate GFA (including saleable and non-saleable

GFA) of approximately 89,974 sq.m. Construction of these properties commenced on September 25, 2008 and was completed on July 29, 2010. The completed properties comprise 469 residential units with an aggregate saleable GFA of approximately 80,754 sq.m., as well as 53 retail shops with an aggregate saleable GFA of approximately 6,647 sq.m. and 92 parking spaces with an aggregate saleable GFA of approximately 2,150 sq.m. As of December 31, 2010, 222 residential units, with an aggregate saleable GFA of approximately 36,937 sq.m., 44 retail shops, with an aggregate saleable GFA of approximately 5,445 sq.m., and 57 parking spaces, with an aggregate saleable GFA of approximately 1,252 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 247 residential units with an aggregate saleable GFA of approximately 43,817 sq.m. nine retail shops with an aggregate saleable GFA of approximately 1,202 sq.m. and 35 parking spaces with an aggregate GFA of approximately 898 sq.m.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 21,841 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 30,535 sq.m. Construction of these properties commenced on September 25, 2008 and is expected to be completed in the second quarter 2012. Upon completion, there will be 317 residential units with an aggregate saleable GFA of approximately 27,163 sq.m. and 52 retail shops with an aggregate saleable GFA of approximately 3,372 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 116,614 sq.m. and had an expected aggregate GFA of approximately 133,874 sq.m.

As of December 31, 2010, the total development costs of Suihua Country Garden (including the costs of land acquisition and construction) were RMB331.2 million.

Suihua Country Garden offers various types of products, including townhouses, low-rise apartment buildings, retail shops and parking spaces.

Tianjin Municipality

Tianjin Country Garden (天津碧桂園)

Tianjin Country Garden is located at Balitai Town, Jinnan District, Tianjin City. It is being developed by Tianjin Balizhou Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 646,598 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 974,316 sq.m.

As of December 31, 2010, there was no completed property in Tianjin Country Garden.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 280,818 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 270,756 sq.m. Construction of these properties commenced on June 12, 2010 and is expected to be completed in the third quarter 2012. Upon completion, there will be 1,635 residential units with an aggregate saleable GFA of approximately 235,310 sq.m. and 38 retail shops with an aggregate saleable GFA of approximately 6,557 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 365,780 sq.m. and had an expected aggregate GFA of approximately 703,560 sq.m.

As of December 31, 2010, the total development costs of Tianjin Country Garden (including the costs of land acquisition and construction) were RMB1,129.6 million.

Tianjin Country Garden offers various types of products, including townhouses, low-rise apartment buildings and high-rise apartment buildings, and is expected to offer retail shops in the future. The development will feature a hotel developed to the five-star rating standard.

Tianjin Tanggu District Office Building (天津塘沽區寫字樓)

Tianjin Tanggu District Office Building is located at Bihexi Road, Tanggu District, Tianjin City. It is being developed by Tianjin Deyu Investment Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 16,595 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 114,504 sq.m.

As of December 31, 2010, there was no completed property or property under development in Tianjin Tanggu District Office Building.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 16,595 sq.m. and had an expected aggregate GFA of approximately 114,504 sq.m.

As of December 31, 2010, the total development costs of Tianjin Tanggu District Office Building (including the costs of land acquisition and construction) were RMB100.6 million.

Tianjin Tanggu District Office Building is expected to offer offices in the future.

Yulin City, Guangxi Zhuang Autonomous Region

Beiliu Country Garden (北流碧桂園)

Beiliu Country Garden is located at No. 299, South 2nd Road, Beiliu City. It is being developed by Beiliu Country Garden Property Development Co Ltd, our wholly-owned project company. The project occupies an aggregate site area of approximately 369,432 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 330,918 sq.m.

As of December 31, 2010, there was no completed property in Beiliu Country Garden.

As of December 31, 2010, the properties under development occupied an aggregate site area of approximately 165,332 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 116,881 sq.m. Construction of these properties commenced on February 2, 2010 and is expected to be completed in the fourth quarter 2011. Upon completion, there will be 622 residential units with an aggregate saleable GFA of approximately 109,706 sq.m. and 24 retail shops with an aggregate saleable GFA of approximately 978 sq.m.

As of December 31, 2010, the properties held for future development occupied an aggregate site area of approximately 204,100 sq.m. and had an expected aggregate GFA of approximately 214,037 sq.m.

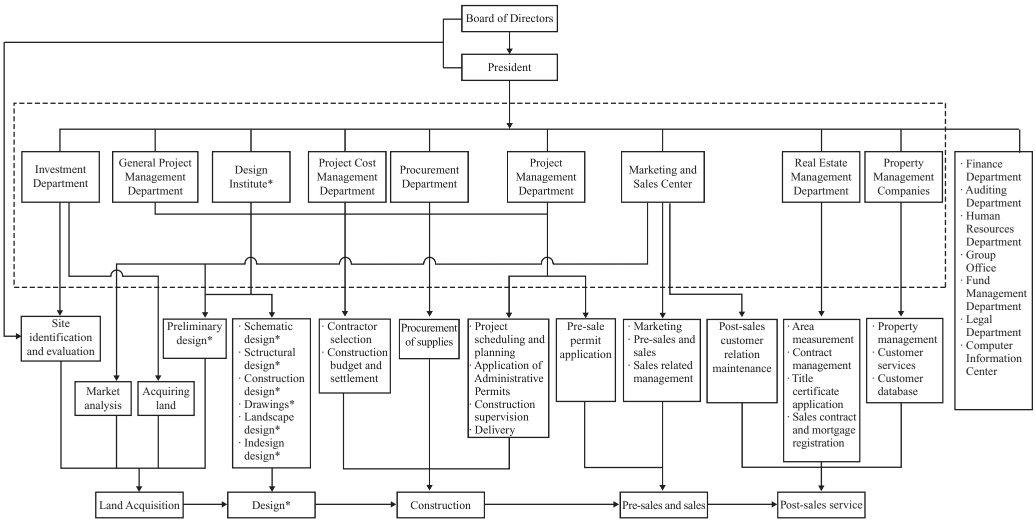
As of December 31, 2010, the total development costs of Beiliu Country Garden (including the costs of land acquisition and construction) were RMB146.6 million.

Beiliu Country Garden offers various types of products, including townhouses, low-rise apartment buildings and retail shops, and is expected to offer high-rise apartment buildings in the future. The development will feature a hotel developed to the five-star rating standard.

Property development

Our property development and project management procedure

We integrate our resources to conduct land acquisition, planning, project design and construction, sales and post-sales support, and a series of development works. These areas are coordinated and supervised by our central management and carried out by our various functional departments, subsidiaries, and affiliates. The process is summarized in the following flow-chart, followed by a more detailed description of each stage of the process carried out by our various departments, subsidiaries and affiliates.



Property Development Process

Note:
* Our project design work is mainly undertaken by Elite Architectural Co., an affiliate of our controlling shareholder. Our landscaping and greenery design is handled by an independent third party, Foshan Shunde Oasis Greenery Design Co., Ltd.

Recently, we established a regional project management structure with a view to further strengthening our project management capabilities and efficiency as our operations continue to grow both inside and outside Guangdong Province. Under this regional project management structure, we currently divide our property development operations in China into 17 regions. Each region has a designated project manager responsible for overseeing property development.

Site selection

Site selection is a fundamental step in our property development process. Our investment department, consisting of a team of full-time staff members, is responsible for identifying sites for prospective property development. Our pre-acquisition site visits and investigations, in conjunction with research and analysis, enable us to understand the general trends and specific conditions of target property markets when assessing the suitability for development of a particular site. When selecting sites for our development projects, we usually apply the following criteria:

- geographical location of the development sites, for example, proximity and accessibility to city centers or business districts;

- property market conditions in the vicinity of the development site;
- local urban planning and specifications; and
- estimated cost, investment and financial return.

Our marketing and sales center and our design service providers are involved in the early stages of the site identification process. The marketing and sales center carries out research and analysis relating to potential market demand. Design services, including planning and concept design, are provided by Elite Architectural Co., which is our affiliate and principal design service provider.

Upon completion of the preliminary feasibility studies, our executive directors become more closely involved in the assessment process by conducting on-site visits before deciding whether to proceed with the acquisition of a site.

Once we have decided to acquire a site, Elite Architectural Co. begins its preliminary site-planning work.

Land acquisition

Prior to July 2002, we acquired some of our land use rights through a land grant contract or a land transfer agreement entered into with local government authorities. Since July 1, 2002, the PRC government introduced regulations requiring that the land transferred from government authorities be sold by a public tender, auction or listing-for-sale. Prior to submitting a tender, we analyze the market and estimate the budget required to develop the project. To acquire a parcel of land, we first need to be successful in the public tender, auction or the listing-for-sale process.

As of December 31, 2010, we had an aggregate GFA under development and for future development of approximately 46,380,816 sq.m. for which we have obtained the relevant land use rights certificates. We estimate that our current land reserves will be sufficient for our development needs for the next three to five years.

In addition, as of December 31, 2010, our project companies had entered into land grant contracts in respect of land in various cities in Guangdong Province and six other provinces for which we have applied or were in the process of applying for land use rights certificates. This land bank covers an aggregate site area of approximately 10,052,278 sq.m., with an aggregate expected GFA of approximately 10,343,721 sq.m. for future development.

In certain cases where we are interested in acquiring land, we assist local governments in clearing the land and relocate the original residents so that the land is ready for tender, auction and listing-for-sale. In such cases, we enter into land clearance agreements with the relevant land authorities, under which we are reimbursed for expenses we incur for land clearance and relocation and we are entitled to a portion of the profit realized by the local government on the land sale. We do not control the timing of the sale of the land use rights in the land that we have cleared, nor do we set the price for which such land use rights are sold. Sales of the land use rights are conducted by the relevant local government land authorities, through a bidding, auction or listing-for-sale process. If we are interested in bidding for the land, we are required to go through the tender, auction and listing-for-sale process as with other developers and there can be no assurance that we will win the bid. See "Risk factors—Risks relating to our business—We may not receive full compensation for assistance we provide to local governments to clear land for government land sales."

Our ability to acquire land for development is subject to extensive regulations issued by the PRC central and local governments. Further to the requirement of public tender, auction and listing-for-sale, on September 28, 2007, the Ministry of Land and Resources issued a new regulation, which provides that property developers must fully pay the land premium for the entire parcel under the land grant contract before they can receive a land use rights certificate or commence development on the land, effective November 1, 2007.

On November 10, 2009, the Ministry of Land and Resources issued the "Catalogue of Restricted Use of Land (2006 Version Supplement)" (限制用地項目目錄(2006年本增補本)) and the "Catalogue of Prohibited Use of Land (2006 Version Supplement)" (禁止用地項目目錄(2006年本增補本)) which provide that the area of a parcel of land granted for commodity housing development shall not exceed seven hectares in small cities (towns), 14 hectares in medium cities or 20 hectares in large cities.

On November 18, 2009, the Ministry of Finance, the Ministry of Land and Resources, PBOC, the PRC Ministry of Supervision and the PRC National Audit Office issued the "Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant" (關于進一步加强土地出讓收支管理的通知), which raises the minimum down payment for land premiums to 50% of the total premium and requires the land premium to be fully paid within one year of signing a land grant contract, subject to limited exceptions.

On March 8, 2010, the Ministry of Land and Resources issued the "Circular on Strengthening Real Estate Land Supply and Supervision" (關于加强房地產用地供應和監管有關問題的通知) under which the minimum price for a given land transfer is required to be equal to at least 70% of the benchmark price for land in the surrounding locality and the bidding deposit for such land transfer is required to be equal to at least 20% of the applicable minimum transfer price. Property developers are also required to pay 50% of the land premium (taking into account any deposits previously paid) as a down payment within one month of signing a land grant contract and the total amount of land premium is to be paid in full within one year of the date of the land grant contract, subject to limited exceptions.

As a result of these regulations, property developers are no longer allowed to bid for a large piece of land, make partial payment, and then apply for a land use rights certificate for the corresponding portion of land and commence development, which was the practice in many Chinese cities. The implementation of these regulations may increase land transfer prices and require property developers to maintain a higher level of working capital. We cannot assure you that we are able to acquire land suitable for development at a reasonable cost or that our cash flow position, financial condition or business plans will not be materially and adversely affected as a result of the implementation of these regulations. We believe that larger property developers like ourselves generally are in a better position to compete for large pieces of land because they normally are in a stronger financial condition.

Financing property developments and land premium

We finance our property developments through a combination of internal funds derived from sales proceeds and shareholder contributions as well as external financings mainly through bank loans and equity and debt financing in the international capital markets. We typically use internal funds and proceeds from capital markets financings to pay for the land acquisition costs and use internal funds and project loans from PRC banks to finance the initial construction costs for our property developments. External financing therefore is an important source of funding for our property development projects. As of December 31, 2010, our outstanding borrowings (including the 2014 Notes, the 2017 Notes, the 2015 Notes and the Convertible Bonds) amounted to RMB20,118.2 million. Our operations generate cash through pre-sales after the properties meet the requirements of pre-sale under PRC regulations. Such proceeds from pre-sales, together with the project loans, are the major sources of funding for the construction of our property developments.

On June 5, 2003, PBOC published the Notice on Further Strengthening the Management of Loans for Property Business (中國人民銀行關於進一步加強房地產信貸業管理的通知), which prohibits commercial banks from advancing loans to fund the payment of land premiums. As a result, property developers may not use PRC bank loans to pay for land premiums. Following the publication of this notice, we have paid land premiums from the proceeds from the sale of properties and not from any of our outstanding bank borrowings. We plan to continue to use the proceeds from the sale of our properties, our other internal funds and proceeds from capital market financing to finance our future land premium payments. In addition, pursuant to the Guidance on Risk Management of Property Loans of Commercial Banks (商業銀行房地產貸款風險管理指引), issued on September 2, 2004, any property developer applying for property development loans must have, as its own working capital, at least 35% of the project capital required for the development. In May 2009, to combat the impact of the global economic slowdown and to encourage domestic consumption, the State Council issued the "Notice for Adjusting the Capital Ratio for Fixed Assets Investment Projects" (國務院關於調整固定資產 投資項目資本金比例的通知). Under this notice, the internal capital ratio for protected housing projects and ordinary commodity housing projects was lowered from 35% to 20%, and the internal capital ratio for other property projects was lowered from 35% to 30%. However, in an attempt to control the growth of the PRC property market, the PRC government in November 2009 raised the minimum down payment to 50% of the total land premium and on March 8, 2010, the Ministry of Land and Resources issued the circular on Strengthening Real Estate Land Supply and Supervision (關於加強房地產用地供應和監管有關問題的通知) under which property developers are required to pay 50% of the land premium as a down payment within one month of signing a land grant contract and the total amount of land premium is to be paid in full within one year of the date of the land grant contract, subject to limited exceptions. Such policy may constrain our cash otherwise available for additional land acquisition and construction.

We obtain project loans from a number of commercial banks in the PRC, including major banks such as Agricultural Bank of China, Industrial and Commercial Bank of China, Bank of China, China Construction Bank, China Minsheng Banking Corp. Ltd. and Guangdong Development Bank.

We cannot assure you that we will be able to continue to obtain sufficient bank loans or facilities in the future. See "Risk factors—Risks relating to our business—We may not have adequate funding resources to finance land acquisitions or property developments, or to service our financing obligations."

Project design work

Our general design work is mainly undertaken by Elite Architectural Co., which is an affiliate of our controlling shareholder and provides services to us on a priority basis. Our landscaping and greenery design is mainly undertaken by Foshan Shunde Oasis Greenery Design Co., Ltd., an independent third party.

The design companies become involved in planning research and preliminary design work for a development project at the site selection and land acquisition stages. When determining the design of a particular property development, the designers and engineers generally consider the recommendations of our marketing and sales center regarding product mix, project location and market conditions, as well as the regulatory requirements regarding the design. Involving the design companies at an early stage allows for the formulation of a preliminary design when we are negotiating with the government, enabling us to commence construction shortly after the requisite approval to develop a parcel of land has been granted. The overall time needed to complete the development is therefore reduced.

Construction work and procurement

Construction work

The construction phase of a development project begins once we obtain the Construction Permit for the project. The general project management department is responsible for the overall coordination and allocation of responsibilities in respect of the construction of each project area at different stages and supervises the progress of construction work. Prior to that, our project cost management department prepares the overall budget for a development at different stages. We set up a project company for each project to manage the whole property development project. The project company has a project manager, a project management department, a finance department and a sales department, all of which report to their corresponding functional departments at our headquarters.

Giant Leap Construction Co., our wholly-owned subsidiary, currently undertakes most of the construction work for our development projects in Guangdong Province. For the years ended December 31, 2008, 2009 and 2010, construction costs attributable to Giant Leap Construction Co. amounted to 47.3%, 26.5% and 32.8% respectively, of our total construction costs. Apart from a few related parties and other third parties, we are the principal customer of Giant Leap Construction Co.

For property projects outside Guangdong Province, we generally outsource the construction work to third party contractors to leverage on their local expertise. In addition, when Giant Leap Construction Co. does not have adequate resources to deal with a particular development or when the projected profits from a project are not economically attractive, we outsource project construction work in whole or in part to independent third parties. In such outsourcing cases, we select construction contractors through a tender process organized by our project cost management department. On a selective basis, we may also consider acquiring or setting up local construction companies in our major markets outside Guangdong Province. We have so far acquired local construction companies for our projects in Anhui Province and Shenyang City.

Under PRC national laws and regulations, a tender process is usually required to select the contractors for public construction projects. When a tender process is required for one of our projects, the Tender Law of the PRC (中華人民共和國招標投標法) will apply. Certain local governments may require that all construction projects go through a tender process.

Because of the growth in the number of our projects and their geographical coverage, we expect that we will continue to engage the services of independent construction contractors, particularly for projects outside Guangdong Province. See "Risk factors—Risks relating to our business—We rely on independent contractors." Without any long-term construction outsourcing contracts in place, we intend to work with a number of qualified contractor candidates in order to create a competitive environment among them.

Procurement

Currently, most of the construction work for our projects is undertaken by Giant Leap Construction Co., our wholly-owned subsidiary. Most of the supplies, including equipment and material, for our construction work undertaken by Giant Leap Construction Co. are centrally procured through our procurement department. Our procurement department typically solicits price quotes from at least two prospective suppliers, negotiates the price and other terms with them and finalizes the purchase arrangements with the winning supplier by signing price confirmations for regular supplies and executing procurement contracts for major equipment and constructions. Each transaction is initiated by a purchase order from our procurement department, and the suppliers are asked to deliver the supplies to locations specified by the relevant project companies or to our central warehouse, which has a computerized record-keeping system for inventory. Our centralized procurement system gives us more bargaining power and better cost control, enabling us to benefit from economies of scale.

When we outsource the construction work for a project to a third party contractor, the contractor generally undertakes the procurement of key construction materials such as steel, cement, sand and stone according to the specifications provided in the construction contract. The total contractor fee takes into account the costs of these materials and the construction contract typically allows adjustment to the total contractor fees if at the time of purchases, the prices of such construction materials have fluctuated beyond the range stipulated in the construction contract.

Fitting and decoration work

The finishing of most of our projects includes fitting and decoration in accordance with the standards set out in our design specifications for the project. Our wholly-owned subsidiary, Finest Decoration Co., provides most of the fitting and decoration services for our projects. Finest Decoration Co. will continue to provide fitting and decoration services exclusively for our projects in the future. We also outsource some components of the fitting and decoration work to independent third parties through a tender process.

Quality control

We have established procedures to ensure that the quality of our properties and services complies with relevant regulations and meets market standards. Quality control procedures are implemented by the relevant functional departments as well as by each project company. For each property development project, quality inspections and regulatory compliance reviews are carried out by the construction company, construction supervisory companies and our project management department.

In accordance with the PRC regulations, we engage the services of PRC-qualified third-party construction supervisory companies to supervise the construction of our property developments. These construction supervisory companies oversee, under a construction supervision contract, the progress and quality of the construction work of a property development throughout the construction phase. We select construction supervisory companies through a tender process.

Pre-sales

Pre-sale of our property units commences before the completion of a project or a project phase. Under the Law of the Administration of Urban Real Estate of the PRC and the Administrative Measures governing the Pre-sale of Urban Real Estate (城市商品房預售管理辦法), as amended in 2001 and 2004, we must comply with the following conditions before pre-sales of a particular property can commence:

- the land premiums must have been fully paid and the land use rights certificates must have been obtained;
- the construction works planning permit and construction project building permit must have been obtained;
- the funds contributed to the development of the property developments where property units are to be pre-sold must reach 25% or above of the total amount to be invested in the project, the project must comply with the relevant governmental regulations and the expected completion date and delivery date of the construction work must have been ascertained; and
- pre-sale permits must have been obtained from the county-level construction bureau or property administration authority.

According to the Notice on Further Enhancing the Supervision of the Real Estate Market and Improving the Pre-sale System of Commodity Housing (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知) issued by the MOHURD on April 13, 2010, the property developers are not allowed to charge the property purchasers any deposit, pre-payment or payment of the similar nature prior to obtaining the pre-sale permit.

Local governments have also implemented regulations relating to pre-sales of properties. Some of these regulations contain stricter requirements than the central government regulations. We are subject to these local regulations in areas where we have property developments.

Under PRC law, the proceeds from the pre-sales of our properties must be deposited in escrow accounts. Before the completion of the pre-sold properties, the monies deposited in these escrow accounts may only be used to purchase construction materials and equipment, make interim construction payments and pay taxes, subject to prior approval from the relevant local authorities. See the section headed “Regulation” for further information on regulations that relate to pre-sales.

Marketing and sales

Our marketing and sales center is responsible for formulating and implementing our marketing and sales strategies. We support our marketing and sales activities through cooperation with external professional marketing and sales service providers. As of December 31, 2010, our marketing and sales team comprised approximately 2,060 employees.

Our marketing and sales center is involved in our property development starting from the early stages and provides its input at key steps. When a potential project is identified by our investment department, our marketing and sales center conducts local property market research and studies the government's land policies. Before we decide to acquire land, our marketing and sales center provides the results of the research and analysis of the relevant parcels of land. During the land acquisition process, our marketing and sales center provides suggestions on the site plan and design. During the project design and construction processes, our marketing and sales center also works closely with our project design companies to formulate, modify and execute a design plan according to consumer preferences and market feedback. Our sales team regularly provides customer feedback to Elite Architectural Co. and other departments for future improvements.

Customers

Local residents in Guangdong Province have historically been our core customer base. We expect to gradually broaden our customer base geographically when our projects outside Guangdong Province commence pre-sale. We also sell our properties to residents in Hong Kong, Macau and neighboring provinces. We target a broad base of customers with varied income levels and backgrounds, with middle-class customers as our primary targets.

Payment arrangements

Our customers, including those making pre-sales purchases, can pay with mortgage facilities arranged with banks. The mortgage payment terms for sales and pre-sales of properties are substantially the same. All purchasers are required to make a down payment of at least 20% of the purchase price when executing a purchase contract. A maximum 30-year mortgage loan for up to 80% of the purchase price may be available from the mortgage banks to the purchasers who are required to settle such amount within one or three months following the execution of the sales and purchase contract.

Mortgage financing is subject to extensive regulation in the PRC, including requirements with respect to minimum down payments and mortgage lending interest rates. See "Regulation—Legal supervision relating to property sector in the PRC—Property transactions—Mortgages of property" and "Risk factors—Risks relating to our business—Our sales and pre-sales will be affected if mortgage financing becomes more costly or otherwise unavailable."

If purchasers choose not to finance their purchase with mortgage loan facilities, they are typically required to pay at least 30% of the purchase price at the time of the execution of the sale and purchase contract. In the case of a pre-sale, the remaining balance is payable within one or three months following the time of the execution of the sale and purchase contract. In the case of properties sold after completion, the remaining balance generally is payable within one month following the execution of the sale and purchase contract.

In accordance with market practice, we provide guarantees to banks for mortgage loans offered to our customers. Generally, our guarantees are released upon the earlier of the issuance of the individual property ownership certificate (房產所有權證) to the owner of the property or the certificate of other rights of property (房地產他項權證) to the mortgage bank by the relevant housing administration department, which are generally available within three months after we deliver the relevant property to our customers, or the full settlement of the mortgaged loan by our customers. Prior to 2003, we also provided long-term guarantees for the mortgage loans of some of our customers. These long-term guarantees were provided to increase confidence of the mortgage banks in providing mortgages to our customers in the then less sophisticated PRC property market. These guarantees are discharged two years from the day the mortgaged loans become due.

In line with customary practice in the industry, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgage banks. As of December 31, 2008, 2009 and 2010, our outstanding guarantees of the mortgage loans of our customers amounted to RMB10,450.8 million, RMB13,540.3 million and RMB18,664.1 million, respectively. Historically, we have not experienced material losses due to default of purchases on the mortgages loans. See "Risk factors—Risks relating to our business—We guarantee the mortgages provided to our purchasers and, consequently, we are liable to the mortgagee banks if our purchasers default on their mortgage payments."

Property management

Through our wholly-owned property management subsidiary, Guangdong Country Garden Property Management Co. Ltd. ("Guangdong Management Co."), we provide post-sales property management and services to the residents of each of the projects we developed. Our property management subsidiary also provides services to certain projects that were not included among our projects in the our group reorganization prior to listing. As of December 31, 2010, we had approximately 13,964 staff members working for our 72 property management branches. We aim to continue to provide to purchasers of our properties comprehensive post-sales property management and services, including public security and assistance with the management of public order, maintenance of public facilities, cleaning of public areas, domestic assistance, gardening and landscaping, intra-community shuttle bus operations and other customer services. We believe we have established a market reputation for the quality of these services. For example, Guangdong Management Co. has been certified by the Ministry of Construction as a class-one property management company, the highest level a PRC property management company can achieve.

Typically, our property management contracts set out the scope and the quality requirements of the services provided by our property management companies. We prepare maintenance and renovation plans for the properties and public facilities that we manage. We are not permitted by law to assign the management duties in their entirety to a third party. However, we can outsource some of the responsibilities, such as cleaning and security services, to independent third parties. The property management contracts also set out the management fee arrangements. We may not increase management fees without the prior consent of a majority of the owners of the properties.

Under PRC law, property owners have a right to engage or dismiss a property management company with the consent of more than half of the owners who in the aggregate hold more than 50% of the total non-communal area of the building. See "Risk factors—Risks relating to our business—Our branding and marketing strategy as well as our financial condition could be adversely affected if owners of the projects that we have developed elect to stop using us to provide property management services".

Hotel development and operation

We develop hotels to compliment our residential properties. Most of these hotels are located in our large-scale residential community projects, which we believe have added value to our residential projects and enhanced our brand recognition. As of December 31, 2010, our hotel operations consist of owning and operating four five-star hotels, one four-star hotel and 10 hotels which we have developed in accordance with the five-star standard of the “Star-Rating Standard for Tourist Hotels.” In addition, as of December 31, 2010, we had 21 hotels under construction in accordance with the five-star standard of the “Star-Rating Standard for Tourist Hotels” spreading over five provinces, one autonomous region and one provincial level municipality. Under PRC laws, hotels cannot apply for star hotel certification until after one year of operations. Generally, we apply for such star hotel certification for our hotels after their first year of operations.

While we believe that the demand for luxury hotels in China will increase as the economy of the region continues to grow and that our hotels and resorts will generate recurrent income for us in the long run, we do not focus on the revenue or profit contributions from our hotel business on a stand-alone basis. Rather, we believe that our hotel business assists in enhancing our brand name recognition in the property market and contributes to our overall marketing and sales strategies for, and the overall value of, our residential projects. Most of our hotels are currently owned and operated by our own hotel companies. We have entered into a management agreement with an international management firm with respect to our Wuhu Country Garden Maritim Hotel and Shenyang Yuhong Country Garden Phoenix Hotel. Our Wuhu Country Garden Maritim Hotel commenced full operations in December 2010. In return for managing and operating these hotels, we agree to pay our hotel operating management partner a basic management fee based on a percentage of the respective hotel’s net income, and an incentive fee with reference to the respective hotel’s gross operating profit. We have also engaged another international firm to provide hotel staff training and marketing services for these two hotels. In addition, we have signed a letter of intent with an international management firm with respect to some of our hotels under development or planning. We may also consider engaging other international management companies to manage our hotels.

The availability of our hotel facilities to the residents of our property projects is usually seen as an attractive feature by potential purchasers of our properties.

Our commitment to building and running hotels in certain localities has received support from local governments, which seek to improve the local investment environment and attract more tourist traffic and business establishments to their jurisdictions.

The table below sets out details of our hotel developments and operations as of December 31, 2010.

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

Name of Hotel	Location	Opening Date	Number of Rooms	Star-rating[1]
Xinhui Country Garden Phoenix Hotel (新會碧桂園鳳凰酒店)	Xinhui Country Garden, Jiangmen, Guangdong Province	March 2009	374	According to five-star rating standard (in operation)
Gaoming Country Garden Phoenix Hotel (高明碧桂園鳳凰酒店)	Gaoming Country Garden, Foshan, Guangdong Province	November 2009	337	According to five-star rating standard (in operation)
Country Garden Phoenix Hot Spring Hotel (碧桂園鳳凰溫泉酒店)	Country Garden - Hot Spring City, Xianning, Hubei Province	November 2009	335	According to five-star rating standard (in operation)
Chongqing Country Garden Phoenix Hotel (重慶碧桂園鳳凰酒店)	Chongqing Country Garden, Chongqing, Chongqing Municipality	September 2010	336	According to five-star rating standard (in operation)
Jingmen Country Garden Phoenix Hotel (荊門碧桂園鳳凰酒店)	Jingmen Country Garden, Jingmen, Hubei Province	October 2010	138	According to five-star rating standard (in operation)
Wuhu Country Garden Maritim Hotel (蕪湖碧桂園瑪麗蒂姆酒店)	Wuhu Country Garden, Wuhu, Anhui Province	December 2010	602	According to five-star rating standard (in operation)
Anqing Country Garden Phoenix Hotel (安慶碧桂園鳳凰酒店)[2]	Anqing Country Garden, Anqing, Anhui Province	2011*	334	According to five-star rating standard (trial operation)
Suizhou Country Garden Phoenix Hotel (隨州碧桂園鳳凰酒店)[3]	Suizhou Country Garden, Suizhou, Hubei Province	2011*	378	According to five-star rating standard (trial operation)
Wuhan Country Garden Phoenix Hotel (武漢碧桂園鳳凰酒店)[4]	Wuhan Country Garden, Wuhan, Hubei Province	2011*	334	According to five-star rating standard (trial operation)
Chaohu Country Garden La Phoenix Hotel (巢湖碧桂園凰城酒店)	Country Garden Lakeside City, Chaohu, Anhui Province	2011*	337	According to five-star rating standard (under construction)

Name of Hotel	Location	Opening Date	Number of Rooms	Star-rating[(1)]
Chaohu Country Garden Le Phoenix Hotel (巢湖碧桂園鳳城酒店)	Chaohu Country Garden, Chaohu, Anhui Province	2011*	336	According to five-star rating standard (under construction)
Huangshan Country Garden Phoenix Hotel (黃山碧桂園鳳凰酒店)	Huangshan Country Garden, Huangshan, Anhui Province	2011*	376	According to five-star rating standard (under construction)
Chizhou Country Garden Phoenix Hotel (池州市碧桂園鳳凰酒店)	Chizhou Country Garden, Chizhou, Anhui Province	2011*	338	According to five-star rating standard (under construction)
Shaoguan Country Garden Phoenix Hotel (韶關碧桂園鳳凰酒店)	Shaoguan Country Garden, Shaoguan, Guangdong Province	2011*	335	According to five-star rating standard (under construction)
Ningxiang Country Garden Phoenix Hotel (寧鄉碧桂園鳳凰酒店)	Country Garden - Hill Lake Palace, Changsha, Hunan Province	2011*	137	According to five-star rating standard (under construction)
Yunfu Phoenix Hotel (雲浮鳳凰酒店)	Yunfu Country Garden, Yunfu, Guangdong Province	2011*	133	According to five-star rating standard (under construction)
Lechang Country Garden Phoenix Hotel (樂昌碧桂園鳳凰酒店)	Lechang Country Garden, Shaoguan, Guangdong Province	2011*	129	According to five-star rating standard (under construction)
Shenyang Yuhong Country Garden Phoenix Hotel (瀋陽于洪碧桂園鳳凰酒店)	Country Garden - Galaxy Palace, Shenyang, Liaoning Province	2011*	631	According to five-star rating standard (under construction)

Name of Hotel	Location	Opening Date	Number of Rooms	Star-rating(1)
Shenyang Huashan Country Garden Phoenix Hotel (瀋陽花山碧桂園鳳凰酒店)	Shenyang Country Garden, Shenyang, Liaoning Province	2011*	50	According to five-star rating standard (under construction)
Tianjin Phoenix Hotel (天津鳳凰酒店)	Independent Hotel, Tanggu, Tianjin Municipality	2012*	1,229	According to five-star rating standard (under construction)
Zhangjiajie Phoenix International Resort Hotel (張家界鳳凰國際度假酒店)	Independent Hotel, Zhangjiajie, Hunan Province	2012*	1,121	According to five-star rating standard (under construction)
Tongliao Country Garden Phoenix Hotel (通遼碧桂園鳳凰酒店)	Tongliao Country Garden, Tongliao, Inner Mongolia	2012*	134	According to five-star rating standard (under construction)
Fogang Hot Spring Hotel (佛岡溫泉酒店)	Country Garden—Spring City, Qingyuan, Guangdong Province	2011*	11	According to five-star rating standard (under construction)
Huiyang Phoenix Hotel (惠陽鳳凰酒店)	Huiyang Country Garden, Huizhou, Guangdong Province	2012*	133	According to five-star rating standard (under construction)
Tianjin Balizhou Country Garden Hotel (天津八里洲碧桂園酒店)	Tianjin Country Garden, Balizhou, Tianjin Municipality	2011*	134	According to five-star rating standard (under construction)
Taizhou Country Garden Phoenix Hotel (泰州碧桂園鳳凰酒店)	Taizhou Country Garden, Taizhou, Jiangsu Province	2011*	330	According to five-star rating standard (under construction)

Name of Hotel	Location	Opening Date	Number of Rooms	Star-rating(1)
Chuzhou Country Garden Phoenix Hotel (滁州碧桂園鳳凰酒店)	Chuzhou Country Garden, Chuzhou, Anhui Province	2011*	336	According to five-star rating standard (under construction)

* expected opening date.

Notes:

(1) Hotels are only allowed to apply for star hotel certification after one year of operation

(2) Anqing Country Garden Phoenix Hotel commenced partial trial operation on 29 October 2009.

(3) Suizhou Country Garden Phoenix Hotel commenced partial trial operation on 20 May 2009.

(4) Wuhan Country Garden Phoenix Hotel commenced partial trial operation on 30 October 2010.

Asian Games Project

On December 22, 2009, we and two other major property developers in the PRC, Agile and R&F through our and their respective subsidiaries, signed a land grant contract with the PRC government to acquire the Asian Games Project. The Asian Games Project is located in the Panyu District of Guangzhou City. The project occupies an estimated site area of approximately 2,639,520 sq.m. and is planned to be developed as part of the Asian Games City for offering residential and commercial properties with a total planned GFA of approximately 4,380,000 sq.m. The Asian Games Project will be developed through the Asian Games JV, in which we hold a minority equity interest. Approximately 1,060,000 sq.m. of the total GFA of the Asian Games Project, including approximately 803,400 sq.m. of residential GFA, have already been constructed, approximately 366,000 sq.m. of which had been pre-sold in 2010. The Asian Games JV is in the process of applying for the necessary government approvals for the development of the remaining properties of this project, other than the GFA of approximately 1,060,000 sq.m. that has been constructed. We believe that our participation, alongside other major property developers, in this landmark project will enhance our position in the PRC property market and bolster our market share and position in Guangzhou City and Guangdong Province. We believe that the successful completion of the Asian Games Project will reinforce our status as one of the leading property developers in the PRC.

Prior to June 24, 2010, we, Agile and R&F each held a 33%, 33% and 34% equity interest, respectively, in the Asian Games JV and the corresponding payment obligations under the land grant contract. On June 24, 2010, we, Agile, Shimao, R&F and Citic South entered into certain agreements relating to the transfer of equity interests in the Asian Games JV (the "Asian Games Equity Transfer Transactions"). Completion of the Asian Games Equity Transfer Transactions is subject to approval from the PRC government authorities. Upon the completion of the Asian Games Equity Transfer Transactions, we and our four joint venture partners will each hold a 20% equity interest, respectively, in the Asian Games JV. As of December 31, 2010, our equity contribution to the Asian Games JV totaled approximately HK$247.5 million. The cost for the acquisition of the land use rights and development of the Asian Games Project will be shared equally among us and our four joint venture partners. The total land premium for acquiring the land use rights for this project is RMB25.5 billion, of which RMB15.3 billion had been paid as of December 31, 2010. The remaining balance of the land premium will be due in December 2011. As of the date hereof, except for a parcel of land with a site area of approximately 407,497 sq.m. for which a land use right certificate has been issued, the Asian Games JV has not obtained the land use rights certificate for the Asian Games Project. To finance the Asian Games Project, the Asian Games JV has signed a syndicated loan facility with several PRC banks. The facility has an aggregate principal amount of up to RMB8.0 billion and a term of five years. We have entered into a guarantee agreement pursuant to which we agreed to guarantee 20% of the Asian Games JV's payment obligations with respect to the outstanding principal amount under the facility.

Competition

The property industry in the PRC is highly competitive. Competitive factors include the size of land reserves and the geographical location, the types of properties offered, brand recognition, price, and design product qualities. Our existing and potential competitors include major domestic state-owned and private property developers in the PRC, and, to a lesser extent, property developers from Hong Kong and elsewhere in Asia. A number of our competitors have greater financial, marketing, land and other resources than we have, as well as greater economies of scale, broader name recognition, a longer track record and more established relationships in certain markets. We believe our principal competitors include China Vanke Co., Ltd. (萬科企業股份有限公司), Evergrande Real Estate Group Limited (恒大地產集團有限公司) and Agile Property Holdings Limited (雅居樂地產控股有限公司) because they have a presence in the regions in which we operate. For more information on competition, please refer to the section headed "Risk factors—Risks Relating to Our Business—Increasing competition in the PRC may adversely affect our business, financial condition and results of operations."

Intellectual property rights

Shunde Country Garden Co. has registered the trademarks and service marks of "碧桂園" in the form of Chinese characters, as well as in the form of logos, with the PRC Trademark Office (中華人民共和國商標局) under various categories including construction, realty leasing, realty management and realty agency.

On March 27, 2007, Shunde Country Garden Co. entered into a trademark license agreement with each of Qingyuan Country Garden Co., Jun'an Golf Club Co. and our original shareholders to grant them a non-exclusive right to use the "碧桂園" and certain other trademarks and service marks in respect of their businesses which, apart from Qingyuan Country Garden Co.'s business, are services ancillary to the housing properties constructed by us. Qingyuan Country Garden Co. has also granted Holiday Islands Hotel Co., our wholly-owned subsidiary, a non-exclusive right to use the trademarks and service marks of "假日半島 Holiday Islands" (with respect to which Qingyuan Country Garden Co. has applied to register as a trademark in the PRC) in its business operation pursuant to a trademark license agreement entered into between Qingyuan Country Garden and Holiday Islands Hotel Co. on March 27, 2007.

We also own the domain names "bgy.cn," "bgy.com.cn," "countrygarden.cn" and "countrygarden.com.cn." The information contained on our websites is not part of this memorandum.

Insurance

We maintain public liability and assets insurance policies for our properties, the common facilities and the hotel operating areas of our properties. In addition, we carry social insurance for our employees, and our property management subsidiaries also maintain property management liability insurance coverage in connection with their business operations. We do not, however, maintain insurance coverage for non-performance of contract during construction and other risks associated with construction and installation works during the construction period. Consistent with what we believe to be customary practice in the property development industry in China, we also do not maintain insurance against personal injuries or property damage that may occur during the construction of our properties, except that we carry accidental insurance (i.e., employer's liability insurance) against personal injuries that may occur to construction workers.

To help ensure construction quality and safety, we have a set of standards and specifications for the construction workers to follow during the construction process. We engage qualified supervision companies to oversee the construction process. Under PRC law, the owner or manager of properties under construction bears civil liability for personal injuries arising out of construction work unless the owner or manager can prove that it is not at fault. Since we have taken the above steps to prevent construction accidents and personal injuries, we believe that we will generally be able to demonstrate that we were not at fault as the property owner if a personal injury claim is brought against us.

We believe the terms of our insurance policies are in line with industry practice in the PRC. However, our insurance coverage may not be sufficient for losses and damages that may arise in our business operations. See "Risk factors—Risks relating to our business—We do not have insurance to cover potential losses and claims in our operations" and "Regulation."

Employees

As of December 31, 2008, 2009 and 2010, we had approximately 29,068, 29,514 and 32,943 full-time employees, respectively. The following table provides a breakdown of our employees by responsibilities as of December 31, 2010:

Administration and Human Resources Management	286
Marketing and Sales	2,060
Finance Management	554
Property Project Management	2,753
Construction and Decoration Management	8,396
Property Management	13,964
Hotel	4,930
	32,943

As of December 31, 2010, approximately 7,700 of our full-time employees had post secondary education. The remuneration package of our employees includes salary, bonus and other cash subsidies. In general, we determine employee salaries based on each employee's qualification, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our determination on salary raise, bonus and promotion. We are subject to social insurance contribution plans organized by the PRC local governments. In accordance with the relevant national and local labor and social welfare laws and regulations, we are required to pay, on behalf of our employees, a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund. We believe the salaries and benefits that our employees receive are competitive in comparison with market rates.

Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. We believe our relationship with our employees is good. We have not experienced significant labor disputes which adversely affected or are likely to have an adverse effect on the operations of our business had occurred.

Environmental matters

We are subject to a variety of laws and regulations concerning environmental protection. See "Risk factors—Risks relating to our business—Potential liability for environmental problems could result in substantial costs." As of the date hereof, we are not in breach of any applicable environmental laws and regulations which has led to penalties imposed by the environmental authorities and there are no existing material legal proceedings, arbitrations or administrative penalties against us.

Legal proceedings

From time to time, we have been involved in legal proceedings or other disputes in the ordinary course of our business which are primarily disputes with our customers, contractors and employees, and we have not incurred significant legal costs and expenses in connection with these legal proceedings. We are not aware of any material legal proceedings, claims or disputes currently existing or pending against us that may have a material adverse impact on our business or our results of operations. See "Risk factors—Risks relating to our business—We may be involved in legal and other disputes arising out of our operations from time to time and may face significant liabilities as a result."

Regulation

Legal supervision relating to property sector in the PRC

A. Establishment of a property development enterprise

Pursuant to the "Law of the People's Republic of China on Administration of Urban Real Estate" (the "Urban Real Estate Law") (中華人民共和國城市房地產管理法) enacted by the Standing Committee of the National People's Congress on July 5, 1994, effective in January 1995 and as amended on August 30, 2007 and in August 2009 respectively, a property developer is defined as "an enterprise which engages in the development and sale of property for the purposes of making profits." Under the "Regulations on Administration of Development of Urban Real Estate" (the "Development Regulations") (城市房地產開發經營管理條例) enacted by the State Council and enforced on July 20, 1998, a property development enterprise must satisfy the following requirements: (1) have a registered capital of not less than RMB1 million and (2) have four or more full-time professional property/construction technicians and two or more full-time accounting officers with the relevant qualifications. The Development Regulations also stipulate that people's governments of the provinces, autonomous regions or municipalities directly under the central government may impose more stringent requirements regarding the registered capital and qualifications of professional personnel of a property development enterprise according to the local circumstances.

Pursuant to the Development Regulations, applications for registration of a property development enterprise have to be submitted to the department of administration of industry and commerce. The applicant must file a record with the property development authority in the location of the registration authority within 30 days of the receipt of its business license.

The minimum internal capital ratio for property projects (excluding economically affordable housing projects) was 35% under the "Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment of Certain Industries" (關於調整部分行業固定資產投資項目資本金比例的通知) issued by the State Council on April 26, 2004. In May 2009, the State Council issued a "Notice on Adjusting the Percentage of Capital Fund for Investment Projects in Fixed Assets" (關於調整固定資產投資項目資本金比例的通知) and reduced such ratio to 20% for ordinary commodity housing projects and affordable housing projects and 30% for other property projects.

B. Foreign-invested real estate enterprises

Pursuant to the "Foreign Investment Industrial Guidance Catalog" (the "Guidance Catalog") (外商投資產業指導目錄) jointly enacted by MOFCOM and NDRC on November 30, 2004 and enforced on January 1, 2005, the development and construction of ordinary residential units fall within the category of "encouraged industry;" the development of a whole land lot operated by Sino-foreign equity joint venture or Sino-foreign co-operative joint venture, and the construction and operation of high-end hotels, villas, premium office buildings, international conference centers and large theme parks fall within the category of "restricted industry;" other types of property development fall within the category of "permitted industry." MOFCOM and NDRC amended the Guidance Catalog in October 2007 which provides that, effective from December 1, 2007, foreign invested property development business falls within the category of permitted industry, except that foreign investment in the development of a whole land lot which shall be operated only by sino-foreign equity joint ventures or sino-foreign co-operative joint ventures, the construction and operations of high-end hotels, villas, premium office buildings and international conference centers, property transactions in the secondary market and property intermediaries fall within the category of industries in which foreign investment is subject to restrictions. Foreign-invested real estate enterprises can be established in the form of Sino-foreign equity joint venture, Sino-foreign co-operative joint venture or wholly-owned foreign enterprise according to the Guidance Catalog and other laws and administrative regulations relating to foreign-invested enterprises. Prior to the application for registration to the department of administration of industry and commerce, the enterprise must be approved by the authorities of commerce and obtain an approval certificate for a foreign-invested enterprise.

On July 11, 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly enacted the "Circular on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market, or "Circular No. 171) (關於規範房地產市場外資准入和管理的意見". According to this circular, foreign investment in property markets must comply with the following requirements:

(a) Foreign institutions or individuals purchasing property in China not for their own residential use shall follow the principle of commercial existence and apply for establishment of foreign-invested enterprises under the regulations of foreign investment in property. Foreign institutions and individuals can only carry on their business, pursuant to the approved business scope, after obtaining the approvals from relevant authorities and upon completion of the relevant registrations.

(b) If the total investment of a foreign-invested real estate development enterprise exceeds or equals US$10 million, the registered capital must not be less than 50% of the total investment. If the total investment is less than US$10 million, the amount of the registered capital shall follow the existing regulations.

(c) The commerce authorities and the department of administration of industry and commerce are in charge of granting approval for establishment and effecting registration of foreign-invested real estate enterprises and issuing approval certificates for foreign-invested enterprises and business licenses which are only effective for one year. After paying for the land use right, the enterprises should apply for the land use rights certificate by presenting the above-mentioned approval certificates and business licenses. With the land use rights certificate, the enterprises will receive an official approval certificate for a foreign-invested enterprise from the commerce authorities, and shall replace the business license with one that has the same operational term as the formal approval certificate for foreign-invested enterprise in the department of administration of industry and commerce, and then apply for tax registration with the tax authorities.

(d) Transfers of projects of or shares in foreign-invested real estate enterprises, and the acquisitions of domestic real estate enterprises by foreign investors should strictly follow the relevant laws, regulations and policies to obtain approvals. Foreign investors should submit: (i) the guarantee letters for the performance of the State-owned Land Use Rights Grant Contracts, Construction Land Planning Permit and Construction Work Planning Permit; (ii) Certificate of Land Use Rights; (iii) the certification on alteration of archival files issued by construction authorities; and (iv) the certification on the payment of tax issued by the relevant tax authorities.

(e) When acquiring domestic real estate enterprises by way of share transfer or otherwise, or purchasing shares from Chinese parties in Sino-foreign equity joint ventures, unsound foreign investors should make proper arrangements for the employees, settle the bank loans and pay the consideration in one single payment with its internal fund. Foreign investors with financial track records shall not be allowed to conduct any of the aforementioned activities.

On May 23, 2007, MOFCOM and SAFE jointly issued the "Notice on Further Strengthening and Regulating the Approval and Supervision on Foreign Investment in Real Estate Sector in the PRC," (關於進一步加强、規範外商直接投資房地產業審批和監管的通知) which stipulates the following requirements for the approval and supervision of foreign investment in the property sector:

- foreign investment in the PRC property sector relating to luxury properties should be strictly controlled;
- before obtaining approval for the establishment of property entities with foreign investment, (i) both the land use rights certificates and housing ownership rights certificates should have been obtained or, (ii) contracts for obtaining land use rights or housing ownership rights should be entered into;
- entities which have been set up with foreign investment, need to obtain approval before they expand their business operations into property development, and entities which have been set up for property development operations need to obtain new approval in order to expand their property business operations;
- acquisitions of property entities and foreign investment in the property sector by way of "round-trip" investment(返程投資) should be strictly regulated. Foreign investors should not avoid approval procedures by changing actual controlling persons;
- parties to property entities with foreign investment, should not in any way guarantee a fixed investment return;
- registration shall be immediately effected according to applicable laws with MOFCOM regarding the setup of property entities with foreign investment, approved by local PRC governmental authorities;
- foreign exchange administration authorities and banks authorized to conduct foreign exchange business should not effectuate foreign exchange settlements regarding capital account items to those who fail to file with MOFCOM or fail to pass the annual reviews; and
- for those property entities who are wrongfully approved by local authorities for their setups, (i) MOFCOM should carry out investigations and order punishment and corrections, and (ii) foreign exchange administrative authorities should not carry out foreign exchange registrations for them.

On July 10, 2007, the General Affairs Department of SAFE issued the "Notice Regarding the Publication of the List of the First Batch of Property Development Projects with Foreign Investment That Have Properly Registered with MOFCOM" (關於下發第一批通過商務部備案的外商投資房地產專案名單的通知) ("Notice No. 130"). This new regulation restricts the ability of foreign-invested property companies to raise funds offshore for the purposes of injecting such funds into the companies either through a capital increase or by way of shareholder loans. Notice No. 130 stipulates, among other things, that:

- SAFE will no longer process foreign debt registrations or applications for purchase of foreign exchange, submitted by real estate enterprises with foreign investment that obtained authorization certificates from and registered with MOFCOM on or after June 1, 2007; and

- SAFE will no longer process foreign exchange registrations (or change of such registrations) or applications for sale and purchase of foreign exchanges submitted by real estate enterprises with foreign investment that obtained approval certificates from local government commerce departments on or after June 1, 2007 but that have not registered with MOFCOM.

In June 2008, to strengthen regulation of real estate enterprises with foreign investment, MOFCOM issued the "Notice Regarding Completing the Registration of Foreign Investment in the Real Estate Sector"(關於做好外商投資房地產業備案工作的通知) ("Notice No. 23"). According to Notice No. 23, when a foreign-invested real estate enterprise is established or increases its registered capital, the provincial level MOFCOM is required to verify all records regarding such foreign-invested real estate enterprise. Notice No. 23 also requires that each foreign-invested real estate enterprise undertake only one approved property project.

On August 29, 2008, SAFE issued the "Circular on the Relevant Operating Issues Concerning Improving the Administration of Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises," or "Circular No. 142 (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知)." Pursuant to Circular No. 142, Renminbi fund from the settlement of foreign currency capital of a foreign-invested enterprise must be used within the business scope of the enterprise, as approved by the examination and approval department of the government, and cannot be used for domestic equity investment unless it is otherwise provided for in other regulations.

Under the Guidance Catalog, real estate enterprises with foreign investment are restricted from developing whole land lots and constructing and operating high-end hotels, villas, premium office buildings, international conference centers, golf courses and large theme parks in China. According to the "Interim Provisions on Approving Foreign-Invested Projects" (外商投資項目核准暫行管理辦法) promulgated by NDRC in October 2004, local authorities may examine and approve (i) foreign-invested projects with total investment less than US$100 million within the category of encouraged or permitted foreign investments and (ii) foreign-invested projects with total investment less than US$50 million within the category of foreign investments subject to restrictions. Approval from NDRC is required for foreign-invested projects with total investment of US$100 million or more within the category of encouraged or permitted foreign investments and those with total investment of US$50 million or more within the category of foreign investments subject to restrictions. Further, apart from examination by NDRC, approval from the State Council is required for foreign-invested projects with total investment of US$500 million or more within the category of encouraged or permitted foreign investments and those with total investment of US$100 million or more within the category of foreign investments subject to restrictions. Additional approval from the development and reform authority at provincial level is required for projects that are subject to restrictions. In July 2008, NDRC issued the "Notice on Further Reinforcing and Regulating the Administration of Foreign-Invested Projects," (關於進一步加强和規範外商投資項目管理的通知) which requires that any capital increase and reinvestment in projects by foreign-invested enterprises should obtain approval from NDRC or its local counterpart.

On April 6, 2010, the State Council issued the "Opinions on Further Enhancing the Utilization of Foreign Investment" (關於進一步做好利用外資工作的若干意見), which provides that, except for the projects required to be approved by relevant departments of the State Council pursuant to the "Catalog of Investment Projects Subject to Government Approvals" (政府核准的投資項目目錄), a project within the encouraged or permitted industry categories under the Guidance Catalog may be approved by local government authorities, provided that the total investment (including additional invested capital) for such project is no more than US$300 million.

On May 4, 2010, NDRC issued the "Circular on Doing a Good Job in Delegating the Power to Verify Foreign-invested Projects" (關於做好外商投資項目下放核准權限工作的通知), specifying that the power to verify foreign invested projects shall be delegated and project verification procedures shall be simplified. The circular provides that, except for the projects that are required to be verified by relevant departments of the State Council in accordance with the Catalog of Investment Projects Subject to Government Approvals, the foreign invested projects which are within the encouraged or permitted industry categories under the Guideline Catalog shall be verified by NDRC at the provincial level, provided that such projects have a total investment (including additional invested capital) of no more than US$300 million. In addition, the circular specifies that, after the power to verify is delegated, project application and verification documents and verification conditions and procedures shall still be determined in accordance with the Tentative Administrative Measures for Verification of Foreign-invested Projects. According to the circular, the power to verify the projects within the restricted category under the Guideline Catalog is not delegated for the time being.

On June 10, 2010, MOFCOM released the "Circular on Issues Concerning Delegating the Examination and Approval Authority for the Foreign Investment" (商務部關於下放外商投資審批權限有關問題的通知). Under the circular, local authorities are granted the power to examine, approve and administrate the establishment and replacement of (i) foreign invested enterprises which are within the encouraged and permitted categories under the Guidance Catalog and have a total investment of no more than US$300 million, and (ii) foreign invested enterprises which are within the restricted category under the Guidance Catalog and have a total investment of no more than US$50 million.

In November 2010, MOFCOM promulgated the "Notice on Strengthening Administration of the Approval and Registration of Foreign Investment into Real Estate Industry" (關於加強外商投資房地產業審批備案管理的通知), which reiterated a number of these limitations on foreign-invested real estate enterprises.

C. Qualifications of a property developer

(a) Classifications and assessment of a real estate development enterprise's qualification

Under the "Provisions on Administration of Qualifications of Real Estate Developers" (the "Provisions on Administration of Qualifications") (房地產開發企業資質管理規定) promulgated by the Ministry of Construction in March 2000, a property developer shall apply for registration of its qualifications according to the Provisions on Administration of Qualifications. An enterprise may not engage in the development and sale of property without a qualification classification certificate for property development.

In accordance with the Provisions on Administration of Qualifications, property developers are classified into four classes. Developers with class 1 qualifications shall be subject to preliminary examination and approval by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government and then final approval by the construction authority under the State Council. Procedures for approval of developers with class 2 or lower qualifications shall be formulated by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. After a newly established property developer reports its establishment to the property development authority, the latter shall issue a provisional qualification certificate to the eligible developer within 30 days of receipt of the report. The provisional qualification certificate shall be effective for one year from the date of its issuance. The property development authority can extend the validity period for not more than two years after considering the actual business condition of the enterprise. The property developer shall apply for a qualification classification by the property development authority within one month before the expiry of the provisional qualification certificate.

(b) The business scope of a property developer

Under the Provisions on Administration of Qualifications, a developer of any qualification classification may only engage in the development and sale of property within its approved scope of business and may not engage in business which is limited to another classification. A class 1 property developer is not restricted as to the scale of a property project to be developed and may undertake a property development project anywhere in the country. A class 2 property developer or lower may undertake a project with a GFA of less than 250,000 sq.m. and the specific scope of business shall be as confirmed by the construction authority under the government of the relevant province, autonomous region or municipality.

(c) The annual inspection of a property developer's qualification

Pursuant to the Provisions on Administration of Qualifications, the qualification of a property developer shall be inspected annually. The construction authority under the State Council or its authorized institution is responsible for the annual inspection of a class 1 property developer's qualification. Procedures for annual inspection of developers of a class 2 or lower qualification shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

D. Development of a property project

(a) Land for property development

Under the "Interim Regulations of the People's Republic of China on Assignment and Transfer of the Right to Use State-Owned Land in Urban Areas" (the "Interim Regulations on Assignment and Transfer") (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) promulgated and enforced by the State Council on May 19, 1990, a system of grant and transfer of the right to use state-owned land is adopted. A land user shall pay a premium to the state as consideration for the grant of the land use rights within a certain term, and the land user may transfer, lease, mortgage or otherwise commercially use the land use rights within the term of use. Under the Interim Regulations on Assignment and Transfer and the Urban Real Estate law, the land administration authority under the local government of the relevant city or county shall enter into a land grant contract with the land user for the grant of the land use rights. The land user shall pay the land premium as provided for by the land grant contract. After payment in full of the land premium, the land user shall register with the land administration authority and obtain a land use rights certificate evidencing the acquisition of land use rights. The Development Regulations provide that land use rights for a site intended for property development shall be obtained through government grant except for land use rights which may be obtained through allocation pursuant to the PRC laws or the stipulations of the State Council.

Under the "Regulations on the Assignment of State-Owned Land Use Rights through Competitive Bidding, Auction and Listing-for-Sale" (招標拍賣掛牌出讓國有土地使用權規定) enacted by the Ministry of Land and Resources on May 9, 2002 and effective on July 1, 2002, land for commercial use, tourism, entertainment and commodity housing development is assigned by way of competitive bidding, public auction or listing-for-sale. The procedures are as follows:

(a) The land authority under the people's government of the city and county (the "assignor") shall make an announcement at least 20 days prior to the date of the proposed competitive bidding, public auction or listing-for-sale. The announcement should include basic particulars such as land parcel, the qualification requirement of the bidder and auction applicants, methods and criteria on confirming the winning tender or winning bidder, and other conditions such as the deposit for the bid.

(b) The assignor shall conduct a qualification verification of the bidding applicants and auction applicants, inform the applicants who satisfy the requirements set out in the announcement and invite them to attend the competitive bidding, public auction or listing-for-sale.

(c) After determining the winning tender or the winning bidder by either competitive bidding, public auction or listing-for-sale, the assignor and the winning tender or winning bidder shall then enter into a confirmation. The assignor should return the bidding or tender deposits to other bidding or auction applicants.

(d) The assignor and the winning tender or winning bidder shall enter into a contract for the grant of state-owned land use rights according to the time and venue set out in the confirmation. The deposit of the bid paid by the winning tender or winning bidder will be used to set off part of the land premium for the grant of the state-owned land use rights.

(e) The winning tender or winning bidder should apply for the land registration after paying off the land grant premium in accordance with the state-owned land use rights grant contract. The people's government above the city and county level should issue the "Land Use Permit for State-Owned Land."

According to the "Notice of the Ministry of Land and Resources on Strengthening the Administration of Land Supply and Promoting the Sustainable Sound Development of Real Estate Market" (關於加强土地供應管理促進房地產市場持續健康發展的通知) enacted by the Ministry of Land and Resources on September 4, 2003, land use for luxurious commodity houses shall be stringently controlled and applications for land use for building villas will not be accepted. On May 30, 2006, the Ministry of Land and Resources issued the "Urgent Notice of Further Strengthening the Administration of the Land" (the "Urgent Notice") (關於當前進一步從嚴土地管理的緊急通知) stipulating that land for property development must be assigned by way of competitive bidding, public auction or listing-for-sale, development projects for villas should not be permitted, and all supply of land for such purposes and the handling of related land use procedure will be ceased from issuance date of the notice.

Under the Urgent Notice, the land authority should rigidly execute the "Model Text of the State-owned Land Use Rights Assignment Contract" (國有土地使用權出讓合同示範文本) and "Model Text of the State-owned Land Use Rights Assignment Supplementary Agreement (for Trial Implementation)" (國有土地使用權出讓合同補充協議示範文本(試行)) jointly enacted by the Ministry of Land Resources and SAIC. The document of the land grant should ascertain the requirement of planning, construction and land use such as the restriction of the dwelling size, plot ratio and the time limit of starting and completion. All these should be agreed in the land use rights grant contract.

Under the "Regulations on the Assignment of State-Owned Land for Construction Use Rights through Competitive Bidding, Auction and Listing-for-Sale" (招標招賣掛牌出讓國有建設用地使用權規定) enacted by the Ministry of Land and Resource on September 28, 2007, and effective November 1, 2007, land for industrial use (including land for warehouses but not land for mining), commercial use, tourism, entertainment and commodity housing development or more than two competing users on one piece of land shall be assigned by way of competitive bidding, public auction or listing-for-sale. The assignee should obtain the land use rights certificate after paying off the total premium. The relevant land use rights certificates will not be issued prior to full payment of the appropriate land premium, and no land use rights certificates will be issued pro rata based on partial payment received.

In November 2009, the Ministry of Land and Resources issued a Circular on the Distribution of the Catalog for Restricted Land Use Projects (2006 Version Supplement) and the Catalogue for Prohibited Land Use Projects (2006 Version Supplement) (關於印發〈限制用地項目目錄(2006年本增補本)〉和〈禁止用地項目目錄(2006年本增補本)〉的通知), as a supplement to its 2006 version. In this circular, the Ministry of Land and Resources set forth a ceiling for the land granted by local governments for the development of commodity housing as follows: seven hectares for small cities and towns, 14 hectares for medium-sized cities and 20 hectares for large cities.

In November 2009, the Ministry of Finance, the Ministry of Land and Resources, PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (關於進一步加強土地出讓收支管理的通知). The notice raises the minimum down payment to 50% of the total land premium and requires the land premium to be fully paid within one year of signing a land grant contract, subject to limited exceptions.

On March 8, 2010, the Ministry of Land and Resources promulgated the Circular on Strengthening Real Estate Land Supply and Supervision (the "Circular") (關於加強房地產用地供應和監管有關問題的通知). Under the Circular, price for a given land transfer is required to be at least 70% of the benchmark price for land in the surrounding locality and the bidding deposit for such land transfer is required to be equal to at least 20% of the applicable minimum land premium. The Circular has made further strict provisions on land grant contract administration. The land grant contract shall be entered into within 10 working days after the land grant deal is closed, the down payment of 50% of the land premium (taking into account any deposits previously paid) shall be paid within one month as of the date of land grant contract, and the remaining shall be paid in accordance with provisions of the land grant contract within one year.

In September 2010, the Ministry of Land and Resources and MOHURD jointly promulgated the Notice on Further Strengthening Control and Regulation of Land and Construction of Property Development (關於進一步加強房地產用地和建設管理調控的通知), which stipulates, among other things, that: (i) at least 70% of land designated for construction of urban housing must be used for affordable housing, housing for resettlement of shanty towns and small to medium-sized ordinary commercial housing; in areas with high housing prices, the supply of land designated for small to medium-sized, price-capped housing must be increased; (ii) developers and their controlling shareholders are prohibited from participating in land auctions before the rectification of certain misconduct, including (1) illegal transfer of land use rights; (2) failure to commence required construction within one year from the delivery of land under land grant contracts due to such developers' own reasons; (3) noncompliance with the land development requirements specified in land grant contracts; and (4) crimes such as swindling land by forging official documents and illegal land speculation; (iii) developers are required to commence construction within one year from the date of delivery of land under the relevant land grant contract and complete construction within three years of commencement; (iv) development and construction of projects of low-density and large-sized housing must be strictly limited and the plot ratio of the planned GFA to the total site area of residential projects must be more than 1:1; and (v) the grant of two or more bundled parcels of lands and undeveloped land is prohibited.

In December 2010, the Ministry of Land and Resources promulgated the Notice on Strict Implementation of Policies Regarding Regulation and Control of Real Property Land and Promotion of the Healthy Development of Land Markets (關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知), which provides, among other things, that; (i) cities and counties that have less than 70% of their land supply designated for affordable housing, housing for redevelopment of shanty towns or small/medium residential units must not provide land for large-sized and high-end housing before the end of this year; (ii) land and resource authorities in local cities and counties will report to Ministry of Land and Resources and provincial land and resource authorities, respectively regarding land with a premium rate of more than 50%; (iii) land designated for affordable housing which is used for property development against relevant policies or involved illegal income will be confiscated and the relevant land use rights will be withdrawn. Moreover, changing the plot ratio without approval is strictly prohibited.

(b) Property project development

i. Commencement of a property project and the idle land

Under the Urban Real Estate Law, those who have obtained the land use rights through an assignment must develop the land in accordance with the terms of use and within the period of commencement prescribed in the land use rights assignment contract. According to the "Measures on Disposing Idle Land" (閒置土地處置辦法) enacted and enforced by the Ministry of Land and Resources on April 28, 1999, land can be defined as idle land under any of the following circumstances:

- where development and construction of the land has not commenced within the prescribed time limit right without consent from the people's government who approved the use of the land;

- where the "Contract on Paid Use of the Right to Use State-Owned Land" or the "Approval Letter on Land Used for Construction" has not prescribed the date of commencing the development and construction, the development and construction of the land has not commenced by one year from the date when the "Contract on Paid Use of the Right to Use State-Owned Land" became effective or when the administrative department of land issued the "Approval Letter on Land Used for Construction;"

- where the development and construction of the land has commenced but the area of the development and construction that has commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval; or

- other circumstances prescribed by laws and regulations.

After a piece of land which has been ascertained as idle land, the relevant municipal authority will notify the concerned land user and draft a proposal on methods of disposal of the idle land including, but not limited to, extending the time period for development and construction (provided that the extension shall be no longer than one year), changing the use of the land, arranging for temporary use, ascertaining a new land user by competitive bidding or public auction. The administrative department of land under the people's government of city or county level shall, after the proposal on disposal has been approved by the original people's government who approved the use of the land, arrange for implementation of the proposal. For land which is obtained by assignment and is within the scope of city planning, if the work has not commenced after one year from the prescribed date of commencement, a surcharge on idle land equivalent to a maximum of 20% of the assignment price may be levied; if the work has not been commenced after two years from the prescribed date of commencement, the land can be confiscated without any compensation. However, the preceding stipulations shall not apply if the delay is caused by force majeure, acts of government or acts of other relevant departments under the government, or by the indispensable preliminary work.

On January 3, 2008, the State Council reiterated the abovementioned policies in the "Notice on Enhancing the Economical and Intensive Use of Land." (關於促進節約集約用地的通知) This notice states, among other things, that (i) policies in relation to the forfeiture of land use rights without compensation for land which has remained idle for more than two years shall be strictly implemented; (ii) if any land remains idle for one year, an idle land fee of 20% of the relevant land premium shall be levied; (iii) the prohibition of land supply for villa projects shall continue; (iv) the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy of LAT on idle land; (v) in relation to the supply of residential land, planning conditions such as plot ratio limits and the number and type of units that can be constructed shall be taken into account in land grant contracts and allocation decisions to ensure that at least 70% of the total land grant for residential development will consist of low rental housing, economy housing, limited pricing housing and units of less than 90 sq.m. in size; and (vi) financial institutions are required to exercise caution when approving financing for any property developer who, after one year from the commencement date stipulated in the land grant contract, fails to complete at least one-third of the development of their project or provide at least 25% of the total investment in the project.

ii. Planning of a property project

According to the "Urban and Rural Planning Law of the People's Republic of China (replacing the previous "City Planning Law of the People's Republic of China" (中華人民共和國城市規劃法) since January 2008) (中華人民共和國城鄉規劃法), the "Administrative Measures on Planning of Grant and Transfer of Urban State-owned Land Use Rights" (城市國有土地使用權出讓轉讓規劃管理辦法) enacted by the Ministry of Construction on December 4, 1992 and enforced on January 1, 1993 and the

"Notice of the Ministry of Construction on Strengthening the Planning Administration of Grant of State-owned Land Use Rights" (關於加强國有土地使用權出讓規劃管理工作的通知) enacted and enforced by the Ministry of Construction on December 26, 2002, after signing an assignment contract, a property developer shall apply for an Opinion on Construction Project's Site Selection and a Permit for Construction Site Planning from the city and county planning authority with the assignment contract. After obtaining a Permit for Construction Site Planning, a property developer shall organize the necessary planning and the design work with regard to planning and design requirements, and apply for a Permit for Construction Work Planning from city planning authority with the relevant approval documents.

iii. Construction of a property project

After obtaining the Permit for Construction Work Planning, a property developer shall apply for a Construction Permit from the construction authority above the county level according to the "Measures for the Administration of Construction Permits for Construction Projects" (建築工程施工許可管理辦法) enacted by the Ministry of Construction on October 15, 1999 and revised and enforced on July 4, 2001.

iv. Completion of a property project

According to the Development Regulation, the "Regulation on the Quality Management of Construction Projects" (建設工程質量管理條例) enacted and enforced by the State Council on January 30, 2000, the "Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure" (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) enacted by the Ministry of Construction in April 2000 and amended on October 19, 2009 and the "Interim Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure" (房屋建築工程和市政基礎設施工程竣工驗收暫行規定) enacted and enforced by the Ministry of Construction on June 30, 2000, after completion of work for a project, a property developer shall apply for the acceptance examination to the property development authority under the people's government on or above the county level and report details of the acceptance examination, upon which the "Record of acceptance examination upon project completion" is issued. For a housing estate or other building complex project, an acceptance examination shall be conducted upon completion of the whole project and where such a project is developed in phases, separate acceptance examination may be carried out for each completed phase.

E. Property transactions

(a) Transfer of property

According to the Urban Real Estate Law and the "Provisions on Administration of Transfer of Urban Real Estate" (城市房地產轉讓管理規定) enacted by the Ministry of Construction on August 7, 1995 and revised on August 15, 2001, a property owner may sell, give or otherwise legally transfer a property to another person or legal entity. When transferring a building, the ownership of the building and the land use rights attached to the site on which the building is situated are transferred simultaneously. The parties to a transfer shall enter into a property transfer contract in writing and register the transfer with the property administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by assignment, the real property may only be transferred on the condition that: (a) the assignment price has been paid in full for the assignment of the land use rights as provided by the assignment contract and a land use rights certificate has been obtained; and (b) if development is to be carried out according to the assignment contract and is a project in which buildings are being developed, development representing more than 25% of the total investment has been completed.

If the land use rights were originally obtained by assignment, the term of the land use rights after transfer of the property shall be the remaining portion of the original term provided by the land use rights assignment contract after deducting the time that has been used by the former land users. In the event that the transferee intends to change the use of the land provided in the original assignment contract, consent shall first be obtained from the original assignor and the planning administration authority under the local government of the relevant city or county and an agreement to amend the land use rights assignment contract or a new land use rights assignment contract shall be signed in order to, inter alia, adjust the land use rights assignment price accordingly.

If the land use rights were originally obtained by allocation, transfer of the real property shall be subject to the approval of the government vested with the necessary approval power as required under the regulations of the State Council. If the people's government vested with the necessary approval power approves such a transfer, the transferee shall complete the formalities for transfer of the land use rights, unless the relevant statutes require no transfer formalities, and pay the transfer price according to the relevant statutes.

(b) Sale of commodity properties

Under the "Regulatory Measures on the Sale of Commodity Properties" (商品房銷售管理辦法) enacted by the Ministry of Construction on April 4, 2001 and enforced on June 1, 2001, sale of commodity properties can include both pre-completion and post-completion sales.

i. Permit of Pre-Completion Sale of Commodity Properties

According to the Development Regulations and the "Measures for Administration of Pre-completion Sale of Commodity Properties" (the "Pre-completion Sale Measures") (城市商品房預售管理辦法) enacted by the Ministry of Construction on November 15, 1994 and revised on August 15, 2001 and July 20, 2004 respectively, the pre-completion sale of commodity properties shall be subject to a permit system, under which a property developer intending to sell a commodity building before its completion shall make the necessary pre-completion sale registration with the property development authority of the relevant city or county to obtain a permit of pre-completion sale of commodity properties. A commodity building may only be sold before completion provided that: (a) the assignment price has been paid in full for the assignment of the concerned land use rights and a land use rights certificate has been issued; (b) a Permit for Construction Work Planning and a Permit for Construction of Work have been obtained; (c) the funds invested in the development of the commodity properties put to pre-completion sale represent 25% or more of the total investment in the project and the progress of work and the completion and delivery dates have been ascertained; and (d) the pre-completion sale has been registered and a Permit for Pre-completion Sale of Commodity Properties has been obtained.

In addition, according to the "Regulations on Administration of Pre-completion Sale of Commodity Properties of Guangdong Province" (廣東省商品房預售管理條例) enacted by the Standing Committee of Guangdong Provincial People's Congress on August 22, 1998 and revised on October 14, 2000, and the "Notice on Adjusting Conditions of Image and Progress for Commodity Building Pre-sale Project in Guangdong Province" (關於調整我省商品房預售項目工程形象進度條件的通知) issued by the Guangdong Provincial Construction Bureau in January 2001, the following conditions shall be fulfilled for the pre-completion sale of commodity properties in Guangdong: (a) the property developer has obtained a real property development qualification certificate and a business license; (b) the construction quality and safety monitoring procedures have been performed; (c) the structural construction and the toping-out must have been completed in respect of properties of not more than seven stories (including seven stories), and at least two-third of the structural construction must have been completed in respect of properties of more than seven stories; (d) a special property pre-completion sale account with a commercial bank in the place where the project is located has been opened; and (e) the properties, pre-completion sale project and its land use rights are free from any third party rights.

ii. Management of pre-completion sale proceeds of commodity properties

According to the Pre-completion Sale Measures, the proceeds obtained by a property developer from the advance sale of commercial houses must be used for the construction of the relevant projects. The specific measures for the supervision on proceeds from the advance sale of commodity properties shall be formulated by the property administrative departments.

iii. Conditions of the sale of post-completion commodity properties

Under the "Regulatory Measures on the Sale of Commodity Properties," commodity properties may be put to post-completion sale only when the following preconditions have been satisfied: (a) the real estate development enterprise offering to sell the post-completion properties shall have a enterprise legal person business license and a qualification certificate of a property developer; (b) the enterprise has obtained a land use rights certificate or other approval documents of land use; (c) the enterprise has the permit for construction project planning and the permit for construction; (d) the commodity properties have been completed and been inspected and accepted as qualified; (e) the relocation of the original residents has been well settled; (f) the supplementary essential facilities for supplying water, electricity, heating, gas, communication, etc. have been made ready for use, and other supplementary essential facilities and public facilities have been made ready for use, or the schedule for construction and delivery date thereof have been specified; and (g) the property management plan has been completed.

Before the post-completion sale of a commodity building, a property developer shall submit the Real Estate Development Project Manual and other documents showing that the preconditions for post-completion sale have been fulfilled to the property development authority for making a record.

iv. Regulations on sale of commodity properties

According to the Development Regulations and the Pre-completion Sale Measures, for the pre-completion sale of a commodity property, the developer shall sign a contract on the pre-sale of the commodity property with the purchaser. The developer shall, within 30 days upon signing the contract, apply for registration and record the contract for pre-completion sale commodity property to the relevant administrative departments governing the property and land administration department of the city or country governments. The property administrative department shall take the initiative to apply network information technology to gradually implement the web-based registration of pre-sale contracts.

Pursuant to the "Circular of the General Office of the State Council on Forwarding the Opinion of the Ministry of Construction and Other Department on Doing a Good Job of Stabilizing House Prices" (國務院辦公廳轉發建設部與關於做好穩定住房價格工作意見的通知) on May 9, 2005, there are several regulations concerning commodity properties sales:

- The buyer of a commodity building is prohibited from conducting any transfer of the pre-sale of the commodity building that he has bought but is still under construction. Before completion and delivery of an advance sale commodity building to the advance buyer, and before the advance buyer obtains the individual property ownership certificate, the property administration department shall not handle any transfer of the commodity building. If there is a discrepancy in the name of the applicant for property ownership and the name of the advance buyer in the advance sales contract, the property ownership registration administration shall not record the application of real estate ownership.

- A real name system for house purchase should be applied; and an immediate archival filing network system should be carried out for the pre-sale contracts of commodity properties.

On July 6, 2006, the Ministry of Construction, NDRC, and SAIC jointly enacted a "Notice on Reorganizing and Regulating Order in the Real Estate Transactions," (關於進一步整規範房地產交易秩序的通知) the details of which are as follows:

- The developer should start to sell the commodity properties within 10 days after receiving a "Permit for Pre-completion Sale of Commodity Properties." Without this permit, the pre-completion sale of commodity properties, as well as subscription (including reservation, registration and number-selecting) and acceptance of the any kind of pre-sale payments, is forbidden.

- The property administration authority should establish an immediate network system for pre-sale contracts of commodity properties and a system for the publication of property transaction information. The basic information of the commodity building, the schedule of the sale and the ownership status should be duly, truly and fully published in the network system and on the locale of sale. The advance buyer of a commodity building is prohibited from conducting any transfer of the advance sale of the commodity building that he has bought but is still under construction.

- Without the "Permit for Pre-completion Sale of Commodity Properties," no advertisement of the pre-completion sale of commodity properties can be published.

- Real estate enterprises with a record of serious irregularity or enterprises which do not satisfy the requirements of pre-completion sale of commodity properties are not allowed to take part in sale activities.

- The property administration authority should strictly carry out the regulations for the pre-completion sale contract registration and records and apply the real name system for property purchase.

On April 13, 2010, the MOHURD issued the Notice on Further Enhancing the Supervision of the Real Estate market and Perfecting the Pre-sale system of commodity houses (關於進一步加强房地產市場監管完善商品住房預售制度有關問題的通知). Pursuant to the notice, without the pre-sale approval, the commodity houses are not permitted to be pre-sold and the real estate developer is not allowed to charge the buyer any deposit or pre-payment or payment of the similar nature. In addition, the notice urges local governments to enact regulations on the sale of completed commodity properties in light of the local conditions, and encourages property developers to engage in the practice of selling completed commodity properties.

(c) Mortgages of property

Under the Urban Real Estate Law and the "The Security Law of the People's Republic of China" (中華人民共和國擔保法) enacted by the Standing Committee of the National People's Congress on June 30, 1995 and enforced on October 1, 1995, and the "Measures on the Administration of Mortgage of Buildings in Urban Areas" (城市房地產抵押管理辦法) enacted by the Ministry of Construction in May 1997 and revised on August 15, 2001, mortgage refers to the act of a debtor, or a third party, who, without transferring the occupancy of the properties, charge those properties as security for the creditor's rights. When the debtor fails to pay his debt, the creditor has a right to obtain compensation, in accordance with the stipulations of this law, by converting the properties into money or seek preferential payments from the proceeds from the auction or sale of the concerned properties. The creditor's rights that the mortgagor mortgaged shall not exceed the value of the properties mortgaged. After being mortgaged, the balance of value of the properties that exceeded the creditor's rights can be mortgaged for a second time, but the sum of the mortgage shall not exceed the value of the balance. When a mortgage is created on the ownership of a building on state-owned land legally obtained, a mortgage shall be simultaneously created on the land use rights of the land on which the building is erected. When the land use rights of state-owned lands acquired through means of assignment is mortgaged, the buildings on the land shall also be mortgaged at the same time. The land use rights of town and village enterprises cannot be mortgaged individually. When the buildings of the town and village enterprises are mortgaged, the land use rights occupied by the buildings shall also be mortgaged at the same time. The mortgagor and the mortgagee shall sign a mortgage contract in writing. Within 30 days after a property mortgage contract has been signed, the parties to the mortgage shall register the mortgage with the property administration authority at the location where the property is situated. A real estate mortgage contract shall become effective on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a property ownership certificate has been obtained legally, the registration authority shall make an entry under the "third party rights" item on the original real estate ownership certificate and then issue a Certificate of Third Party Rights to Real Estate to the mortgagee. If a mortgage is created on the commodity building put to pre-completion sale or under construction, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real property after the issuance of the certificates evidencing the ownership of the property.

In September 2010, PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the improvement of Differential Mortgage Loan Policies (關於完善差別化住房信貸政策有關問題的通知), which provides, among other things, that (i) the minimum down payment is raised to 30% for all first home purchases; (ii) commercial banks in China shall suspend mortgage loans to purchasers (including the borrower, spouse and minor children) for their third or further residential property or to non-local residents who can not provide documentation certifying payment of local tax or social security for longer than a one-year period; and (iii) all property companies with records of being involved in abuse of land, changing the land-use purpose or nature use of land, postponing the construction commencement or completion date, hoarding or other non-compliance will be restricted from obtaining bank loans for new projects or extension of credit facilities.

In November 2010, MOHURD, the Ministry of Finance, CBRC and PBOC jointly promulgated the "Notice on Relevant Issues Concerning Policies of Regulation of Individual Housing Reserve Loan" (關於規範住房公積金個人住房貸款政策有關問題的通知), which provides that, among other things: (i) where a first-time house purchaser (including the borrower, his or her spouse and minor children) uses housing reserve loans to buy an ordinary house for self-use with a unit floor area: (a) equal to or less than 90 square meters, the minimum down payment shall be at least 20%, (b) more than 90 square meters, the minimum down payment shall be at least 30%; (ii) for a second-time house purchaser using housing reserve loans, the minimum down payment shall be at least 50% with the minimum lending interest rate of 110% of the benchmark rate; (iii) the second housing reserve loan will only be available to families whose per capital housing area is below the average in locality and such loan must only be used to purchase an ordinary house for self-use to improve residence conditions; and (iv) housing reserve loans to families for their third and further residential property will be suspended.

On January 26, 2011, the State Council issued the "Notice on Further Strengthening Regulation and Control of Real Property Markets" (關於進一步做好房地產市場調控工作有關問題的通知), requiring: (i) a minimum down payment of at least 60% of the total purchase price with a minimum mortgage lending interest rate of 110% of the benchmark rate published by PBOC for the purchase of a second residential property; and (ii) in municipalities directly under the central government, cities listed on state plans, provincial capitals, and cities where the housing prices are overly high or increasing at an excessively high rate, purchasers (including their spouses and minor children) that are either local residents or non-local residents that can provide documentation certifying payment of local tax or social security for longer than a specified time period, are not permitted to purchase a second (or further) residential property, and purchasers (including their spouses and minor children) that are non-local residents that are unable to provide documentation certifying payment of local tax or social security for longer than a specified time period, are not permitted to purchase any residential properties.

(d) Lease of buildings

Under the Urban Real Estate Law and the "Measures for Administration of Leases of Buildings in Urban Areas" (城市房屋租賃管理辦法) enacted by the Ministry of Construction on May 9, 1995 and enforced on June 1, 1995, the parties to a lease of a building shall enter into a lease contract in writing. A system has been adopted for registering leases of buildings. When a lease contract is signed, amended or terminated, the parties shall register the details with the property administration authority under the local government of the city or county in which the building is situated.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development issued the "Administrative Measures for Commodity Housing Tenancy" (商品房屋租賃管理辦法), according to which, the parties to a housing tenancy shall go through the housing tenancy registration formalities with the competent construction (real estate) departments of the municipalities directly under the PRC central government, cities and counties where the housing is located within 30 days after the housing tenancy contract is signed. The relevant construction (real estate) departments are authorized to impose a fine below RMB1,000 on individuals, and a fine between RMB1,000 and RMB10,000 on other violators who are not natural persons who fail to comply with the regulations within the specified time limit. The above measures will come into effect on February 1, 2011 superceding the Measures for Administration of Leases of Buildings in Urban Areas.

F. Property financing

According to the "Notice of the People's Bank of China on Regulating Home Financing Business" (中國人民銀行關於規範住房金融業務的通知) enacted by PBOC on June 19, 2001, all banks must comply with the following requirements before granting residential development loans, individual home mortgage loans and individual commercial unit loans:

(a) Housing development loans from banks shall only be granted to real estate enterprises with approved development qualifications and high credit ratings. Such loans shall be offered to residential projects with good market potential. The borrowing enterprise must have capital of at least 30% of the total investment required of the project. The project must have been issued with a land use rights certificates, construction land planning permit, construction work planning permit and permit of construction work;

(b) In respect of the grant of individual home mortgage loans, the ratio between the loan amount and actual value of the security (the "Mortgage Ratio") shall never exceed 80%. Where an individual applies for a home purchase loan to buy a pre-completion house, the said property must have achieved the stage of "topping-out of the main structure completed" for multi-story buildings or "two-thirds of the total investment completed" for high-rise buildings; and

(c) In respect of the grant of individual commercial unit loans, the Mortgage Ratio under the application for commercial unit loans shall not exceed 60% with a maximum loan period of 10 years and the subject commercial properties must have already been completed.

PBOC issued the "Circular on Further Strengthening the Management of Loans for Property Business" (關於進一步加強房地產信貸業務管理的通知) on June 5, 2003 to specify the requirements for banks to provide loans for the purposes of property development and individual home mortgage as follows:

(a) The property loan by commercial banks to real estate enterprises shall be granted only under the title of property development loan and it is strictly forbidden to extend such loans as a current capital loan for property development project or other loan item. No lending of any type shall be granted to enterprises which have not obtained the land use rights certificates, construction land permit, construction planning permit and construction work permit;

(b) Commercial banks shall not grant loans to property developers to pay off land premium; and

(c) Commercial banks may only provide mortgage loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the down payment remains at 20%. In respect of his loan application for an additional purchase of residential unit(s), the percentage of the first installment shall be increased.

Pursuant to the "Guidance on Risk Management of Property Loans of Commercial Banks" (商業銀行房地產貸款風險管理指引) issued by China Banking Regulatory Commission on September 2, 2004, any property developer applying for property development loans shall have at least 35% of capital funds required for the development.

According to the "Notice of the People's Bank of China on the Adjustment of Commercial Bank Housing Loan Policies and the Interest Rate of Excess Reserve Deposit," (中國人民銀行關於調整商業銀行住房信貸政策和超額儲備金存款利率的通知) enacted by PBOC on March 16, 2005, starting from March 17, 2005, the down payment for individual homes increased from 20% to 30% in cities and areas where property prices grow too quickly. The commercial banks can independently determine scope of such property price rise according to specific situations in different cities or areas.

On May 24, 2006, the State Council passed the "Opinion of the Ministry of Construction and Other Departments on Adjusting the Housing Supply Control Structure and Stabilizing the Property Prices." (關於調整住房供應結構穩定住房價格的意見) The regulations provide the following:

(a) Tightening the control of advancing loan facilities. The commercial banks are not allowed to advance their loan facilities to property developers who do not have the required 35% or more of the total capital for the construction projects. The commercial banks should be prudent in granting loan facilities and revolving credit facilities in any form to the property developers who have a large number of idle land and unsold commodity properties. Banks should not accept mortgages of commodity properties remaining unsold for three years or longer;

(b) From June 1, 2006 and onward, purchasers need to pay a minimum of 30% of the purchase price as down payment, except for apartments with a floor area of 90 sq.m. or less for residential purposes, for which the existing requirement of 20% of the purchase price as down payment remains unchanged.

According to the Circular on Standardizing the Admittance and Administration of Foreign Capital in Real Estate Market, foreign-invested real estate enterprises which have not paid up their registered capital fully, or failed to obtain a land use rights certificate, or with under 35% of the capital for the project, will not be allowed to obtain a loan in or outside China, and foreign exchange administration departments will not approve any settlement of foreign loans by such enterprises.

On July 10, 2007, SAFE issued a circular indicating that, for foreign-invested enterprises in the property sector, it would not process any foreign debt registration or conversion of foreign debt that was approved by the local MOFCOM and filed with MOFCOM after June 1, 2007. See "—B. Foreign-invested real estate enterprises."

On September 27, 2007, PBOC and the CBRC issued the "Circular on Strengthening the Credit Management for Commercial Real Property," (關於加強商業性房地產信貸管理的通知) with a supplement issued in December 2007. The circular aims to tighten the control over property loans from commercial banks to prevent excessive credit granting. The measures adopted include:

- for a first time home buyer, increasing the minimum amount to 30% of the purchase price as down payment where the property has a unit floor area of 90 sq.m. or above and the purchaser is buying the property as for own residence;

- for a second time home buyer, increasing (i) the minimum amount of down payment to 40% of the purchase price and (ii) the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark bank lending interest rate. If a member of a family (including the buyer, his/her spouse and their children under 18) finances the purchase of a residential unit, any member of the family that buys another residential unit with loans from banks will be regarded as a second time home buyer;

• for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties, (ii) increasing the minimum amount of down payment to 50% of the purchase price, (iii) increasing the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark bank lending interest rate, (iv) limiting the terms of such bank loans to no more than 10 years, although commercial banks are allowed flexibility based on its risk assessment;

• for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down payment to 45% of the purchase price, with the other terms to be decided by reference to commercial properties; and

• prohibiting commercial banks from providing loans to property developers who have been found by relevant government authorities to be holding excessive amounts of land and properties.

In addition, commercial banks are also prohibited from providing loans to projects that have less than 35% of capital funds (proprietary interests), or where there is failure to obtain land use rights certificates, construction land planning permits, construction works planning permits and construction permits. Commercial banks are also prohibited from accepting commercial premises that have been vacant for more than three years as collateral for loans. In principle, property development loans provided by commercial banks should only be used for projects in areas where the commercial bank is located. Commercial banks may not provide loans to property developers to finance the payment of land use rights grant fees.

According to the notice on "Issues on Enlarging the Floating Range of the Downward Movement of Interest Rates for Individual Mortgage Loans," (關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知) issued by PBOC on October 22, 2008 and effective on October 27, 2008, the PRC government lowered the minimum interest rate for individual mortgage loans to 70% of the corresponding PBOC benchmark bank lending rates. Further, the minimum down payment of residential properties was lowered to 20%.

In January 2010, the General Office of the State Council issued a Circular on Facilitating the Stable and Healthy Development of Property Market (關於促進房地產市場平穩健康發展的通知), adopting a series of measures to strengthen and improve the regulation of the property market, stabilize market expectations and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide guidance for the purchase of property, restrain speculation of property, and strengthen risk prevention and market supervision. Additionally, it explicitly requires a family (including a borrower, his or her spouse and children under 18), that has already purchased a residence through mortgage financing and has applied to purchase a second or additional residences through mortgage financing, to pay a minimum down payment of 40% of the purchase price.

On April 17, 2010, the State Council Issued Notice on Resolutely Curbing the Rapid Rising of the House Price in Certain Cities (堅決遏制部分城市房價過快上漲的通知) (the "April 17 Notice"), which provides that where the first home purchaser (including a borrower, his or her spouse and children under 18) purchases a residence with a unit floor area of more than 90 sq.m. for self use, the minimum down payment shall not be less than 30%; where for the second home buyers that use mortgage financing, it is required that the minimum down payment shall be 50% of the purchase price with minimum mortgage lending interest rate at the rate of 110% of the benchmark rate published by PBOC; where a third or further buyers that use mortgage financing, the minimum down payment and interest rate thereof shall be substantially further raised. The April 17 Notice, further requires that in cities where property prices are overly high with excessive price hike and strained housing supply, commercial banks may in light of risk exposure suspend extending bank loans for a third or further buyers; also provision of housing loans shall be suspended to non-local residents who cannot present the local tax returns or social insurances certification of more than one year.

On May 26, 2010, the MOHURD, PBOC and the CBRC jointly issued the Circular on Regulating the Criteria for Identifying the Second Residential Properties in Connection with Personal Commercial Housing Loans (關於規範商業性個人住房貸款中第二套住房認定標準的通知), which provides, among others, that the number of residential properties owned by an individual property purchaser who is applying for mortgage loans shall be determined by taking into account the total number of residential properties owned by the household of such purchaser (including the purchaser and his or her spouse and children under the age of 18 years). In addition, the circular depicts a number of circumstances under which different credit policies shall be applied in connection with purchases of the second or further residential property.

In September 2010, PBOC and the CBRC jointly issued the "Notice on Relevant Issues Regarding the improvement of Differential Mortgage Loan Policies" (關於完善差別化住房信貸政策有關問題的通知), which provides, among other things, that (i) the minimum down payment is increased to 30% for all first home purchases; (ii) commercial banks in China shall suspend mortgage loans to purchasers (including the borrower, spouse and minor children) for their third or further residential property or to non-local residents who can not provide documentation certifying payment of local tax or social security for longer than a one-year period; and (iii) all property companies with records of being involved in abuse of land, changing the land-use purpose, postponing the construction commencement or completion date, hoarding or other non-compliance will be restricted from obtaining bank loans for new projects or extension of credit facilities.

In November 2010, MOHURD and SAFE jointly promulgated the "Notice on Further Regulating Administration of Purchase of Houses by Overseas Institutions and Individuals" (關於進一步規範境外機構和個人購房管理的通知), pursuant to which, a foreign individual can only purchase one house for self-use within the PRC and an overseas institution which has established a branch or representative office in the PRC can only purchase non-residential houses for business use in the city where it is registered within the PRC.

On January 26, 2011, the State Council issued the "Notice on Further Strengthening Regulation and Control of Real Property Markets" (關於進一步做好房地產市場調控工作有關問題的通知), which: (i) imposes a minimum down payment of at least 60% of the total purchase price with a minimum mortgage lending interest rate of 110% of the benchmark rate published by PBOC for the purchase of a second residential property; and (ii) in municipalities directly under the central government, cities listed on state plans, provincial capitals, and cities where the housing prices are overly high or increasing at an excessively high rate, purchasers (including their spouses and minor children) that are local residents with two or more residential properties, non-local residents with one or more residential properties, or non-local residents that are unable to provide documentation are not permitted to certifying payment of local tax or social security for longer than a specified time period, purchase any residential properties.

G. Insurance of a property project

There are no mandatory provisions in the PRC laws, regulations and government rules which require a property developer to take out insurance policies for its property projects.

In light of the "Construction Law of the People's Republic of China" (中華人民共和國建築法) enacted by the Standing Committee of the National People's Congress on November 1, 1997 and enforced on March 1, 1998, construction enterprises must maintain accident and casualty insurance for workers engaged in dangerous operations. In the "Opinions of the Ministry of Construction on Strengthening the Insurance of Accidental Injury in the Construction Work" (關於加強建築意外傷害保險工作的指導意見) promulgated by the Ministry of Construction on May 23, 2003, the Ministry of Construction further emphasized the importance of insurance to cover accidental injury in construction work and put forward detailed guidance. The "Guidance on the Insurance of Accidental Injury in the Construction Work of Guangdong Province" (廣東省建築意外傷害保險工作導則) enacted by the construction department of Guangdong Province on September 8, 2004 prescribes the scope, object, term, coverage, amount and premium of insurance for accidental injury. It further emphasizes that the persons who have been already insured for work-related injury insurances still need accidental injury insurance when he or she takes part in the on-site construction work. According to the common practice of the property industry in Guangdong, except for the accidental injury insurance, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects.

Construction companies shall pay for the insurance premium at their own costs and take out various types of insurance to cover their liabilities, such as property risks, third party's liability risk, performance guarantee in the course of construction and all-risks associated with the construction and installation work throughout the construction period. The requirements for insurance for all the aforementioned risks shall cease immediately after the completion and acceptance upon inspection of construction.

H. Major taxes applicable to property developers

(a) Income tax

According to the "Income Tax Law of The People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises" (中華人民共和國外商投資企業和外國企業所得稅法) enacted by National People's Congress on April 9, 1991 and enforced on July 1, 1991 and its detailed rules enacted by the State Council on June 30, 1991, the rate of enterprise income tax for foreign-invested enterprises and enterprise income tax for entities and premises engaged in production and operation by foreign enterprises in China is 30%, and the rate of local income tax is 3%.

Pursuant to the "Provisional Regulations of the People's Republic of China on Enterprise Income Tax" (中華人民共和國企業所得稅暫行條例) issued by the State Council on December 13, 1993 and enforced on January 1, 1994 and its Implementation Rules enacted by the Ministry of Finance ("MOF") on February 4, 1994, the income tax rate applicable to Chinese enterprises other than foreign-invested enterprises and foreign enterprises is 33%.

According to the "PRC Enterprise Income Tax Law" (中華人民共和國企業所得稅法) enacted by the National People's Congress on March 16, 2007 and enforced from January 1, 2008 onwards, a uniform income tax rate of 25% will be applied towards foreign-invested enterprises and foreign enterprises which have set up production and operation facilities in the PRC as well as PRC enterprises.

Furthermore, unlike the Income Tax Law of the People's Republic of China for Enterprise with Foreign investment and Foreign Enterprise currently in effect, which specifically exempts withholding tax on any dividends payable to non-PRC investors, the PRC Enterprise Income Tax Law and its implementation provide that an income tax rate of 10% will normally be applicable to dividends payable to non-PRC enterprise investors which are derived from sources within the PRC, unless there exists a tax treaty between the PRC and the relevant jurisdictions in which such non-PRC enterprise shareholders reside whereupon the relevant tax may be reduced or exempted.

(b) Business tax

Pursuant to the "Interim Regulations of the People's Republic of China on Business Tax" enacted by the State Council on December 13, 1993 and enforced on January 1, 1994 as amended on November 10, 2008 and its "Detailed Implementation Rules on the Provisional Regulations of The People's Republic of China on Business Tax" issued by the Ministry of Finance on December 25, 1993, the tax rate on transfer of immovable properties, their superstructures and attachments is 5%.

(c) Land appreciation tax

According to the requirements of the "Provisional Regulations of The People's Republic of China on Land Appreciation Tax" (the "Land Appreciation Provisional Regulations") (中華人民共和國土地增值稅暫行條例) which was enacted on December 13, 1993 and become effective on January 1, 1994, and the "Detailed Implementation Rules on the Provisional Regulations of The People's Republic of China on Land Appreciation Tax" (the "Land Appreciation Detailed Implementation Rules") (中華人民共和國土地增值稅暫行條例實施細則) which was enacted and enforced on January 27, 1995, any appreciation gained from taxpayer's transfer of property shall be subject to LAT. LAT is set at four different rates: 30% on appreciation not exceeding 50% of the sum of deductible items; 40% on appreciation exceeding 50% but not exceeding 100% of the sum of deductible items; 50% on appreciation exceeding 100% but not exceeding 200% of the sum of deductible items; and 60% on appreciation exceeding 200% of the sum of deductible items. The deductible items include the following:

- amount paid for obtaining the land use rights;
- costs and expenses for development of land;
- costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and constructions;
- related tax payable for transfer of property; and
- other deductible items as specified by MOF.

According to the requirements of the Land Appreciation Provisional Regulations, the Land Appreciation Detailed Implementation Rules and the Notice issued by the MOF in respect of the "Levy and Exemption of Land Appreciation Tax for Development and Transfer Contracts Signed before January 1, 1994" (關於對1994年1月1日前簽訂開發及轉讓合同的房地產徵免土地增值稅的通知) which was announced by the MOF and State Administration of Taxation on January 27, 1995, LAT shall be exempted under any one of the following circumstances:

- For ordinary standard residential properties (i.e. residential properties built in accordance with the local standard for general civilian residential properties and not deluxe apartments, villas, resorts etc. where the appreciation amount does not exceed 20% of the sum of deductible items;

- Where property taken over and repossessed according to laws due to the construction requirements of the State;

- Due to individuals who relocate as a result of redeployment of work or improvement of living standards from originally self-used residential property but only where they have been living for 5 years or more, and after obtaining tax authorities' approval;

- For property transfer contracts which were signed before January 1, 1994, whenever the properties are transferred, LAT shall be exempted;

- If the property assignments were signed before January 1, 1994 or the project proposal has been approved and that capital was injected for development in accordance with the conditions agreed, LAT shall be exempted if the properties are transferred for the first time within five years after January 1, 1994. The date of signing the contract shall be the date of signing the sale and purchase agreement. For particular property projects approved by the Government for the development of the entire piece of land and long-term development, if the properties are transferred for the first time after the five-year tax-free period, after auditing being conducted by the local financial and tax authorities, and approved by the MOF and the State Administration of Taxation, the tax-free period would be appropriately prolonged.

On December 24, 1999, the MOF and the State Administration of Taxation issued the "Notice in respect of the Extension of the Period for the Land Appreciation Tax Exemption Policy" (關於土地增值稅優惠政策延期的通知), extending the period for the LAT exemption policy as mentioned in the last bullet above to the end of 2000.

After the issuance of the Land Appreciation Provisional Regulations and the Land Appreciation Detailed Implementation Rules, due to the relatively long period required for property development and transfer, many districts, while they were implementing the regulations and rules, did not mandatorily require the real estate enterprises to declare and pay LAT. Therefore, in order to assist the local tax authorities in the collection of LAT, the MOF, State Administration of Taxation, the Ministry of Construction and the Ministry of Land and Resource had separately and jointly issued several notices to restate the following: After the assignments are signed, taxpayers should declare the tax to the local tax authorities where the property is located, and pay LAT in accordance in the amount calculated by the tax authority and within the specified time limit. For those who fail to acquire proof of tax payment or tax exemption from the tax authorities, the property administration authority shall not process the relevant title change procedures, and shall not issue the property title certificate.

The State Administration of Taxation also issued the "Notice issued by State Administration of Taxation in respect of the Serious Handling of Administration Work in relation to the Collection of Land Appreciation Tax" (關於認真做好土地增值稅徵收管理工作的通知) on July 10, 2002 to request local tax authorities to modify the management system of LAT collection and operation procedures, to build up a proper tax return system for LAT, to improve the methods of pre-levying for the pre-sale of property. That notice also pointed out the preferential policy of LAT exemption for the first time transfer of properties under property development contracts signed before January 1, 1994 or a project proposal that has been approved and for which capital was injected for development has expired, and that such tax shall be levied again.

The State Administration of Taxation issued the "Notice of State Administration of Taxation in respect of the Strengthening of Administration Work in relation to the Collection of Land Appreciation Tax" (關於加強土地增值稅管理工作的通知) on August 2, 2004 and the "Notice of State Administration of Taxation in respect of the Further Strengthening of Administration Work in relation to the Collection of Land Appreciation Tax and Land Use Tax in Cities and Towns" (關於進一步加強城鎮土地使用稅和土地增值稅徵收管理工作的通知) on August 5, 2004. The aforesaid notices point out that the administration work in relation to the collection of LAT should be further strengthened. The preferential policy of LAT exemption for the first time transfer of properties under property development contracts signed before January 1, 1994 has expired and such tax shall be levied again. Where such taxes were still not levied, the situation should be corrected immediately. Also, the notice required that the system of tax declaration and tax sources registration in relation to LAT should be further improved and perfected.

On March 2, 2006, the MOF and State Administration of Taxation issued the "Notice of Certain Issues Regarding Land Appreciation Tax." (關於土地增值稅若干問題的通知) The notice clarifies the relevant issues regarding LAT as follows:

(a) Tax Collection and Exemption in the Sale of Ordinary Standard Residential Properties

The notice sets out the recognized standards for ordinary standard residential properties. Where any developers build ordinary standard residential properties or commercial properties, the value of land appreciation shall be assessed individually. No retroactive adjustment will be made in respect of ordinary standard residential properties for which application for tax exemption has been filed before the notice is issued and for which LAT exemption has been granted by the tax authority on the basis of the standards of ordinary residential properties originally set down by the people's government of the province, autonomous region or municipality directly under the Central Government.

(b) Advance Collection and Settlement of LAT

- All regions shall further improve the measures for the advance collection of LAT, and decide the advance collection rate in a scientific and reasonable manner, and adjust it at a proper time according to the level of value appreciation in the property industry and market conditions within the region and on the basis of the specific property categories, namely, ordinary standard residential properties, non-ordinary standard residential properties and commercial properties. After a project is completed, the relevant settlement shall be handled in a timely manner, with any overpayment refunded or any underpayment being made up.

- If any tax pre-payment is not paid within the advance collection period, overdue fines will apply as of the day following the expiration of the prescribed advance collection period.
- As to any property project that has been completed and gone through the acceptance, where the floor area of the property as transferred makes up 85% or more in the saleable floor area, the tax authority may require the relevant taxpayer to conduct the settlement of LAT on the transferred property according to the matching principles regarding the proportion between the income generated from the transfer of property and the deductible items. The specific method of settlement shall be prescribed by the local tax authority.

On December 28, 2006, the State Administration of Taxation issued the "Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises" (關於房地產開發企業土地增值稅清算管理有關問題的通知) which came into effect on February 1, 2007. The notice sets out further provisions concerning the settlement of LAT by property developers by clarifying issues on responsibility for the settlement of LAT, requirements, materials to be submitted, auditing and verification, recognition of revenue of indirect sale and self-use properties, deductible items and the handling of transfer after tax is imposed and settled etc. Local provincial tax authorities can formulate their own implementation rules in accordance with the notice and local situation.

Pursuant to the notice, a property developer shall settle and clear the LAT payment of its development projects that meet certain criteria with the tax authorities in accordance with the applicable LAT tax rates. The LAT shall be settled for projects approved by the competent authorities; and for projects developed in different stages, the LAT shall be settled in stages. LAT must be settled if (1) the property development project has been completed and fully sold; (2) the property developer transfers the whole incompleted development project; or (3) the land-use rights with respect to the project is transferred. In addition, the relevant tax authorities may require the developer to settle the LAT if either of the following criteria is met: (1) for completed property development projects, the transferred GFA represents more than 85% of total salable GFA, or the proportion represented is less than 85%, but the remaining salable GFA has been leased out or used by the developer; (2) the project has not been sold out for more than three years after obtaining the sale or pre-sale permit; (3) the developer applies for cancellation of the tax registration without having settled the relevant LAT; or (4) other conditions stipulated by the tax authorities.

The notice also indicates that if a property developer satisfies any of the following circumstances, the tax authorities will levy and collect LAT as per the levying rate no lower than the pre-payment rate with reference to the bearing rate of LAT of local enterprises with a similar development scale and income level: (i) failure to maintain an account book as required by law or administrative regulation; (ii) destroying the account book without authorization or refusing to provide taxation information; (iii) the accounts are disorganized or illegible, or cost materials, income vouchers and cost vouchers are damaged and incomplete, making it difficult to determine transferred income or amount of deductible items; (iv) failure to go through LAT settlement within the prescribed period without being remedied within the period required by the relevant tax authorities; (v) the basis for tax calculation as submitted is obviously low without justifiable cause. Local provincial tax authorities can formulate their own implementation rules in accordance with the notice and local situation.

To further strengthen LAT collection, in May 2009, the State Administration of Taxation released the Rules on the Administration of the Settlement of Land Appreciation Tax (土地增值稅清算管理規程), which became effective on June 1, 2009. The rules reiterated the circumstances under which the LAT must be settled, the criteria that are to be met for relevant tax authorities to require the settlement of LAT and the circumstances under which the tax authorities shall levy and collect LAT as prescribed by the Notice. The rules further stipulate detailed procedures for the examination and verification of settlement of LAT to be carried out by relevant tax authorities.

On May 19, 2010, the SAT issued the Circular on Issuers Concerning Settlement of Land Appreciation Tax (關於土地增值稅清算有關問題的通知) to strengthen the settlement of LAT. The circular clarifies certain issues with respect to calculation and settlement of the land appreciation tax, such as (i) the recognition of the revenue upon the settlement of LAT, and (ii) the deduction of fees incurred in connection with the property development.

On May 25, 2010, the SAT issued the Notice on Strengthening the Collection Land Appreciation Tax (關於加強土地增值稅征管工作的通知), which requires that the minimum LAT prepayment rate shall be 2% for provinces in the eastern region, 1.5% for provinces in the central and northeastern regions, and 1% for provinces in the western region. According to the notice, the local tax bureaus shall determine the applicable LAT prepayment rates based on the types of the properties.

(d) Deed tax

Pursuant to the "Interim Regulations of the People's Republic of China on Deed Tax" (中華人民共和國契稅暫行條例) enacted by the State Council on July 7, 1997 and enforced on October 1, 1997, the transferee, whether an entity or individual, of the title to a land site or building in the PRC shall have to pay deed tax. The rate of deed tax is 3%–5%. Provincial, regional or municipal governments directly under the central government may, within the aforesaid range, determine and report their effective tax rates to the MOF and the State Administration of Taxation for the record.

In October 2008, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Adjustments to Taxation on Real Property Transactions (關於調整房地產交易環節稅收政策的通知), pursuant to which, from November 1, 2008, the rate of deed tax has been reduced to 1% for a first-time home buyer of an ordinary residence with a unit floor area less than 90 square meters. Individuals who sell or purchase residential properties are temporarily exempted from stamp duty and who sell residential properties are temporarily exempted from land value-added tax. However the aforesaid preferential policy regarding deed tax has been replaced by the Notice on Adjustment of Preferential Policies Regarding Deed Tax and Individual Income Tax Incurred in Transfer of Real Property (關於調整房地產交易環節契稅個人所得稅優惠政策的通知) jointly promulgated by Ministry of Finance, the State Administration of Taxation and MOHURD on September 29, 2010. Pursuant to the 2010 notice, where an individual purchases an ordinary house which is the only house for the family (including the purchaser, the spouse and minor children), deed tax is reduced by half and where an individual purchases an ordinary house with an GFA of 90 square meters or below which is the only house for the family, deed tax is levied at a rate of 1%.

(e) Urban land use tax

Pursuant to the "Provisional Regulations of the People's Republic of China Governing Land Use Tax in Cities and Towns" (中華人民共和國城鎮土地使用稅暫行條例) enacted by the State Council on September 27, 1988 and revised on December 31, 2006, the land use tax in respect of urban land is levied according to the area of the relevant land. The annual tax as of January 1, 2007 shall be between RMB0.6 and RMB30.0 per square meter of urban land, calculated according to the tax rate determined by local tax authorities.

(f) Property tax

Under the "Interim Regulations of the People's Republic of China on Property Tax" (中華人民共和國房產稅暫行條例) enacted by the State Council on September 15, 1986 and enforced on October 1, 1986, property tax is 1.2% if it is calculated on the basis of the residual value of a building, and 12% if it is calculated on the basis of the rental.

On January 27, 2011, the government of Chongqing Municipality issued the "Interim Measures Concerning Pilot Property Tax Scheme on Certain Personal Residential Properties" (關於進行對部分個人住房徵收房產稅改革試點的暫行辦法) and the "Implementation Rules for Collecting Administration Regarding Property Tax on Personal Residential Properties" (重慶市個人住房房產稅徵收管理實施細則), each effective on January 28, 2011. The Chongqing government will execute the pilot scheme to impose property tax on personal residential properties within the nine major districts of Chongqing Municipality in stages from January 28, 2011. The first batch of personal properties subject to property tax include (i) stand-alone residential properties (such as villas) owned by individuals, (ii) high-end residential properties purchased by individuals on or after January 28, 2011, the purchase prices per square meter of which are two or more times of the average price of new residential properties developed within the nine major districts of Chongqing in the last two years, and (iii) the second or further ordinary residential properties purchased on or after January 28, 2011 by non-resident individuals in Chongqing who are not employed in and do not own an enterprise in Chongqing. Stand-alone residential properties (such as villas) and high-end residential properties that are priced less than three times, three to four times or more than four times of the average price per square meter of new residential properties developed within the nine major districts in the last two years will be subject to property tax at 0.5%, 1% or 1.2%, respectively, of the property's purchase price. The second or further ordinary residential properties purchased on or after January 28, 2011 by non-resident individuals who are not employed in and do not own an enterprise in Chongqing will be subject to property tax at 0.5% of the property's purchase price. The following area will be deductible from the tax base: (i) 180 sq.m. for stand-alone residential properties (such as villas) purchased before January 28, 2011, and (ii) 100 sq.m. for stand-alone residential properties (such as villas) and high-end residential properties purchased on or after January 28, 2011. The deductible area will apply to only one taxable residential property for one family, but not to any non-resident individual who is not employed in and does not own an enterprise in Chongqing.

On January 27, 2011, the government of Shanghai Municipality issued the "Interim Measures on Pilot Property Tax Scheme on Certain Personal Residential Properties in Shanghai" (上海市開展對部分個人住房徵收房產稅試點的暫行辦法), which provides that, within the territory of the administrative regions of the Shanghai Municipality, property tax will be imposed on any purchase of a second (or further) residential property by local residents or any purchase of a residential property by non-local residents on or after January 28, 2011, at rates ranging from 0.4% to 0.6% based on 70% of the purchase price of the property. These measures became effective on January 28, 2011.

(g) Stamp duty

Under the "Interim Regulations of the People's Republic of China on Stamp Duty" (中華人民共和國印花稅暫行條例)enacted by the State Council on August 6, 1988 and enforced on October 1, 1988, for property rights transfer instruments, including those in respect of property ownership transfer, the rate of stamp duty is 0.05% of the amount stated therein; for permits and certificates relating to rights, including property title certificates and land use rights certificates, stamp duty is levied at RMB5 per item.

(h) Municipal maintenance tax

Under the "Interim Regulations of the People's Republic of China on Municipal Maintenance Tax" (中華人民共和國城市維護建設稅暫行條例) enacted by the State Council on February 8, 1985, any taxpayer, whether an entity or individual, of product tax, value-added tax or business tax is required to pay municipal maintenance tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town. Under the "Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises" (關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育費附加的通知) and the "Approval on Exemption of Municipal Maintenance Tax and Education Surcharge in Foreign Invested Freightage Enterprises" (關於外資投資貨物運輸企業徵免城市維護建設稅和教育費附加問題的批覆) issued by State Administration of Taxation on February 25, 1994 and on September 14, 2005, respectively, whether foreign-invested enterprises are subject to municipal maintenance tax will be determined in accordance with notices issued by the State Council; and such tax is not applicable to enterprises with foreign investment for the time being, until further explicit stipulations are issued by the State Council.

In October 2010, the State Council issued the Notice on Unification of the Application of Municipal Maintenance Tax and Education Surcharge by Domestic and Foreign Enterprises and Individuals (關於統一內外資企業和個人城市 維護建設稅和教育費附加制度的通知), pursuant to which, from December 1, 2010, municipal maintenance tax is applicable to both foreign-invested enterprises, foreign enterprises and foreign individuals as well as domestic enterprises and individuals. Pursuant to the Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-Invested Enterprises (關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知) promulgated by the Ministry of Finance and the State Administration of Taxation in November 2010, foreign-invested enterprises must pay municipal maintenance tax on any value added tax, consumption tax and business tax incurred on or after December 1, 2010. However, foreign-invested enterprises will be exempted from municipal maintenance tax on any value-added tax, consumption tax and business tax incurrent before December 1, 2010.

(i) Education surcharge

Under the "Interim Provisions on Imposition of Education Surcharge" (徵收教育費附加的暫行規定) enacted by the State Council on April 28, 1986 and revised on June 7, 1990 and August 20, 2005, a taxpayer, whether an entity or individual, of product tax, value-added tax or business tax is required to pay an education surcharge, unless such taxpayer is instead required to pay a rural area education surcharge as provided by the "Notice of the State Council on Raising Funds for Schools in Rural Areas." (國務院關於籌措農村學校辦學經費的通知) Under the "Supplementary Notice Concerning Imposition of Education Surcharge" (國務院關於教育費附加徵收問題的補充通知) issued by the State Council on October 12, 1994, the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises and the Approval on Exemption of Municipal Maintenance Tax and Education Surcharge in Foreign Invested Freightage Enterprises, whether foreign-invested enterprises are subject to the education surcharge will be determined in accordance with notices issued by the State Council; and such tax is not applicable to enterprises with foreign investment for the time being, until further explicit stipulations are issued by the State Council.

Pursuant to the aforesaid Unification of Application of Municipal Maintenance Tax and Education Surcharge by Domestic and Foreign Enterprises and individuals (關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知), from December 1, 2010, an education surcharge is applicable to both foreign-invested enterprises, foreign enterprises and foreign individuals as well as domestic enterprises and individuals.

Pursuant to the aforesaid Notice on Relevant issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises (關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知), foreign-invested enterprises must pay an education surcharge on any value-added tax, consumption tax and business tax incurred on or after December 1, 2010. However, foreign-invested enterprises will be exempted from paying an education surcharge on any value-added tax, consumption tax and business tax incurred before December 1, 2010.

I. Measures on adjusting the structure of housing supply and stabilizing housing price

The General Office of the State Council enacted the "Circular on Stabilizing Housing Price" (關於切實穩定住房價格的通知) on March 26, 2005, requiring measures to be taken to restrain the housing price from increasing too fast and to promote the healthy development of the property market.

On May 9, 2005, the General Office of the State Council revised the Opinion of the Ministry of Construction and other Departments on Doing a Good Job of Stabilizing House Prices, which provides for the following:

(a) Intensifying the planning and control and improving the supply structure of houses

Where the housing price is growing excessively and where the supply of ordinary commodity houses in the medium or low price range, and economical houses is insufficient, construction of residential properties should mainly involve projects of ordinary commodity houses in the medium or low price range and economical houses. The construction of low-density, upmarket houses shall be strictly controlled. With respect to construction projects of medium- or low-price ordinary commodity houses, before any grant of land, the municipal planning authority shall, according to the level of control required, set out conditions for planning and design such as height of buildings, plot ratio and green space. The property authority shall, in collaboration with other relevant authorities, set forth such controlling requirements as sale price, type and apartment sizes. Such conditions and requirements will be set out as preconditions of land assignment to ensure an effective supply of small or medium-sized houses at moderate and low prices. The local government must intensify the supervision of planning permit for property development projects. Housing projects that have not commenced within two years must be examined again, and those that turn out to be not in compliance with the planning permits will be revoked.

(b) Intensifying the control over the supply of land and rigorously enforcing the administration of land

Where the price of land for residential use and residential properties grows too rapidly, the proportion of land for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses in the medium- or low-price range and economical house should be increased. Land supply for villa construction continues to be suspended, and land supply for high-end housing property construction is strictly restricted.

(c) Adjusting the policies of business tax on residential property house transfer and strictly regulating the collection and administration of tax

From June 1, 2005, the business tax on transfer of a residential property by an individual within two years of the purchase will be levied on the basis of the full amount of the sale proceeds. Transfer of an ordinary residential property by an individual who sells two years or more after the purchase is exempted for business tax. For transfer of a house other than ordinary residential property by an individual two years or more after the purchase, the business tax will be levied on the basis of the balance between the proceeds from selling the property and the purchase price.

(d) Rectifying and regulating for an orderly market

The buyer of a pre-completion commodity property is prohibited from conducting any transfer of the pre-sale commodity property that he has bought that is still under construction. A real name system for property purchase should be applied, and an immediate archival filing network system for advance sales contracts of commodity properties should be carried out.

On May 24, 2006, the State Council forwarded the "Opinion on Adjusting the Housing Supply Structure and Stabilizing Property Prices (關於調整住房供應結構穩定住房價格的意見)" (the "Opinion") of the Ministry of Construction and other relevant government authorities. The opinion provides the following:

(1) Adjusting the Housing Supply Structure

- Developers must focus on providing small- to medium-sized ordinary commodity properties at low- to mid-level prices to cater to the demands of local residents.

- As of June 1, 2006, newly approved and newly commenced building construction projects must have at least 70% of the total construction work area designated for small apartments with floor areas of 90 sq.m. or below (including economically affordable apartments). If municipalities directly under the central government, cities listed on state plans (計劃單列市) or provincial capital cities (省會城市) have special reasons to adjust such prescribed ratio, they must obtain special approval from the Ministry of Construction. Construction projects that have been approved but have not yet obtained a construction permit must follow the prescribed ratio.

(2) Further adjustments by tax, loan and land policies

- From June 1, 2006, business tax will be levied on the full amount of the sale proceeds on conveyance of residential properties within a period of five years from the date of purchase. If an individual sells his ordinary standard apartment after five or more years from the date of purchase, business tax will normally be exempted. If an individual sells his non-ordinary apartment after five or more years from the date of purchase, business tax will be levied on the balance between the selling price and the purchase price.

- Commercial banks are not allowed to advance loan facilities to property developers who do not have the required 35% minimum of the total capital for the construction projects. Commercial banks should be prudent in granting loan facilities and/or revolving credit facilities in any form to the property developers who have a large number of idle lands and unsold commodity apartments. Banks shall not accept mortgages of commodity apartments remaining unsold for three years or more.

- According to regulations issued by CBRC, purchasers of homes equal to or smaller than 90 sq.m. are required to pay a minimum of 20% of the purchase price as down payment. If the purchased home is larger than 90 sq.m., a minimum of 30% of the purchase price as down payment is required, pursuant to a regulation from June 1, 2006. Furthermore, on September 27, 2007 PBOC and CBRC increased the minimum down payment for purchasers of second homes from 30% to 40% of the purchase price regardless of the size of the second home, if the purchaser obtained his or her first home through a mortgage. Moreover, the mortgage loan rates for subsequent mortgages are required to be not less than 1.1 times the corresponding PBOC benchmark lending rates. Monthly mortgage payments are limited to 50% of an individual borrower's monthly income.

- At least 70% of the total land supply for residential property development must be used for developing small-to-medium-sized low-cost public housing. Based on the restrictions of residential property size ratio and residential property price, land supply will be granted by way of auction to the property developer who offers the highest bid. Land supply for villa construction will continue to be suspended, and land supply for low-density and large-area housing property construction will be restricted.

- The relevant authorities will levy a higher surcharge against those property developers who have not commenced the construction work for longer than one year from the commencement date stipulated in the construction contract and will order them to set a date for commencing the construction work and a date of completion. The relevant authorities will confiscate without compensation the land from those property developers who have not commenced the construction work beyond two years from the commencement date stipulated in the construction contract without proper reasons. The relevant authorities will dispose of the idle land of those property developers who have suspended construction work for one year without an approval, who have invested less than one-fourth of the total proposed investment and who have developed less than one-third of the total proposed construction area.

(3) Reasonably Monitoring the Scope and Progress of Demolition of Urban Housing

- The management and reasonable control of the scope and progress of the demolition of urban housing should be strengthened to halt "excessive property growth triggered by passive means" (被動性住房需求的過快增長).

(4) Further Rectifying and Regulating the Order of the Property Market

- In order to ensure that the prescribed ratio regarding types and sizes is followed, the relevant authorities will need to re-examine the approval of those construction projects which have been granted planning permits but have not been commenced. The relevant authorities will ensure that no planning permit (規劃許可證), construction permit (施工許可證) or permit for pre-sale of commodity properties (商品房預售許可證) are issued to those construction projects which do not satisfy the regulatory requirements, in particular, the prescribed ratio requirement. If the property developers, without an approval, alter the architectural design, the construction items, and exceed the prescribed ratio, the relevant authorities have the power to dispose of the land and to confiscate the land in accordance with the law.

- The property administration authority and the administration of industry and commerce will investigate illegal dealings such as contract fraud cases in accordance with the law. The illegal conduct of pre-completion sale of commodity apartments without satisfying all the conditions is prohibited and an administrative penalty will be imposed on offenders in accordance with the law. For property developers who deliberately manipulate the supply of commodity housing, the relevant authorities will impose substantial administrative penalties, including revoking the business licenses of serious offenders and pursuing personal liability for individuals concerned.

(5) Gradually relieving the housing demands for low-income families

- To expedite the establishment of low-cost public housing supply systems in various cities and counties; to monitor and regulate the construction of economically affordable apartments; to aggressively develop the second-hand property market and property rental market.

(6) Improving information disclosure system and system for collecting property statistics

On July 6, 2006, the Ministry of Construction promulgated a supplemental Opinion on Carrying Out the Residential Property Size Ratio in Newly-Built Residential Buildings (Jianzhufang 2006 No. 165) (關於落實新建住房結構比例要求的若干意見) ("the Supplemental Opinion"). The Supplemental Opinion provides the following:

- As of June 1, 2006, of the newly approved and newly commenced construction projects in different cities, including town and counties, at least 70% of the total construction area must be used for building small apartments with unit floor area of 90 sq.m. or below (including economically affordable apartments). The relevant authorities in different localities must strictly follow the prescribed ratio requirement in their respective locality.

- The relevant authorities must ensure the conditions of newly built commodity apartments including the planning and the design, and must ensure that the property size ratio is adhered to. If a property developer has not followed the ratio requirement without providing proper reasons, the town planning authorities will not issue a planning permit. If the property developer has not followed the requirements of the planning permit, the relevant authority reviewing the planning documents will not issue a certification, the construction authority will not issue a construction permit, and the property authority will not issue a permit for pre-completion sale of the commodity apartments.

In the case of construction projects that were granted approval before June 1, 2006 but that were not granted a construction work permit by that date, the relevant local governments in different localities should ascertain the details of the projects and ensure that the prescribed residential property size ratio requirement is complied with.

On September 27, 2007, PBOC and CBRC further tightened mortgage lending by PRC banks, by increasing the amount of down payment a property purchase must make before seeking mortgage financing. See "—Legal supervision relating to property sector in the PRC—Property financing."

(e) Implementing restrictions on the payment terms for land use rights

On October 10, 2007, the Ministry of Land and Resources issued a regulation, which reiterated that property developers must fully pay the land premium for the entire parcel under the land grant contract before they can receive a land use rights certificate or commence development on the land, effective November 1, 2007.

Pursuant to the notice on Enlarging the Floating Range of the Downward Movement of Interest Rates for Individual Mortgage Loans, the PRC government lowered the minimum interest rate for individual mortgage loans to 70% of the corresponding PBOC benchmark bank lending rates. Further, the minimum down payment of residential properties was lowered to 20%. On October 22, 2008, the Ministry of Finance and the State Administration of Taxation issued the "Notice on the Adjustments to Taxation on Real Property Transactions," (關於調整房地產交易 環節稅收政策的通知) pursuant to which, from November 1, 2008, the rate of deed tax has been reduced to 1% for a first time home buyer of an ordinary residence with a unit floor area less than 90 sq.m., individuals who are to sell or purchase residential properties are temporarily exempted from stamp duty and individuals who are to sell residential properties are temporarily exempted from land value-added tax.

On December 20, 2008, the General Office of the State Council issued the "Several Opinions on Facilitating the Healthy Development of the Real Estate Market," (關於促進房地產市場健康發展的若干意見) which aims to, among other things, encourage the consumption of ordinary residential units and support property developers in changing market conditions. Pursuant to the opinion, in order to encourage the consumption of ordinary residential units, from January 1, 2009 to December 31, 2009, (i) business tax will be imposed on the full amount of the sale price, upon the transfer of a non-ordinary residential unit by an individual within two years from the purchase date; (ii) for the transfer of a non-ordinary residential unit which has been held by the purchaser for more than two years from the purchase date and a ordinary residential unit which has been held by the purchaser for two years or less from the purchase date, the business tax is to be levied on the difference between the sale price and the purchase price; (iii) and in the case of an ordinary residential unit, business tax is fully exempted if that transfer occurs after two years from the purchase date. Furthermore, individuals with an existing ordinary residential unit that is smaller than the average size for their locality may buy a second ordinary residential unit under favorable loan terms similar to first time buyers. In addition, support for property developers to deal with the changing market is to be provided by increasing credit financing services to ''low-to medium-level price'' or ''small- to medium-sized'' ordinary commercial housing projects, particularly those under construction, and providing financial support and other related services to property developers with good credit standing for merger and acquisition activities.

On December 29, 2008, the Ministry of Finance and the State Administration of Taxation issued the "Notice on the Policy of Business Tax on Re-sale of Personal Residential Properties," (關於個人住房轉讓營業稅政策的通知) which reiterates the measures regarding business tax set forth in the above Several Opinions on Facilitating the Healthy Development of the Real Estate Market.

In December 2009, the State Council terminated the policy on preferential treatment relating to business taxes payable upon transfers of residential properties by property owners as previously adopted in December 2008 by the PRC government in response to the global economic slowdown, and the Ministry of Finance and the State Administration of Taxation jointly issued the "Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties" (關於調整個人住房轉讓營業稅政策的通知) to curtail speculations in the property market in response to the property price rises across the country. Pursuant to the notice, effective from January 1, 2010, business tax is imposed on the full amount of the sale income upon the transfer of non-ordinary residence by an individual within five years, instead of two years, from the purchase date. For the transfer of non-ordinary residence which is more than five years from the purchase date and ordinary residence which is within five years of the purchase date, the business tax is to be levied on the difference between the sale income and the purchase prices. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after five years from the purchase date.

On January 26, 2011, the State Council issued the "Notice on Further Strengthening Regulation and Control of Real Property Markets" (關於進一步做好房地產市場調控工作有關問題的通知), under which the transfer of all residential properties purchased and held by individuals for less than five years shall be subject to business tax based on total sale price from such transfer.

On January 27, 2011, the Ministry of Finance and the State Administration of Taxation jointly issued a new "Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties" (關於調整個人住房轉讓營業稅政策的通知), under which business tax is imposed on (i) the full amount of the transfer price upon the transfer of any residential property by an individual owner within five years from such individual owner's purchase and (ii) the difference between the transfer price and the original purchase price upon the transfer of any non-ordinary residential property by an individual owner more than five years from such individual owner's purchase. Business tax is exempted for ordinary residential properties if the transfer occurs after five years from the individual owner's purchase. This notice became effective on January 28, 2011.

Legal supervision relating to hotel sector in the PRC

A. Foreign invested hotel project

According to the Guidance Catalog, construction and operation of high-end hotels falls within the category of "Restricted Foreign Investment Industry." Construction and operation of common and economic hotels other than high-end hotels fall within the category of "permitted foreign investment industry." The Ministry of Commerce and NDRC amended the Guidance Catalog in October 2007 which provides that, effective from December 1, 2007, the property development business falls within the category of industries in which foreign investment is permitted, except that the development of a whole land lot which shall be operated only by sino-foreign equity joint ventures or sino-foreign co-operative joint ventures, the construction and operations of high-end hotels, villas, premium office buildings and international conference centers, property transactions in the secondary market and property intermediaries fall within the category of industries in which foreign investment is subject to restrictions. A foreign-invested enterprise investing in the hotel business can set up an enterprise in the form of Sino-foreign equity joint venture, Sino-foreign co-operative joint venture or wholly foreign-owned enterprise according to the Guidance Catalog and the requirements of the relevant laws and the administrative regulations on foreign-invested enterprises. A foreign-invested enterprise in the hotel business should apply for an approval with the relevant department of commerce, and obtain an approval certification for a foreign-invested enterprise before registering with the administration of industry and commerce.

B. Hotel management

The procedures involved in hotel construction in China including obtaining approval for land use, project planning and project construction shall also be subject to the aforementioned regulations relating to property project development. There is currently no special authority in China responsible for the daily management of hotel business. The supervision of daily management of hotel business belongs to different authorities in accordance with the respective business scopes of different hotels. The supervision mainly includes the following:

(a) Legal supervision on security and fire control

Pursuant to the "Measures for the Control of Security in the Hotel Industry" (旅館業治安管理辦法) issued by the Ministry of Public Security of the People's Republic of China and enforced on November 10, 1987, a hotel can operate only after obtaining an approval from the local public security bureau and a business license has been granted. The hotel enterprise should make a filing with the local public security bureau and its branches in the county or city, if hotel enterprise has any change including closing, transferring or merging of business, changing place of business and name, etc. Pursuant to the "Provisions on the Administration of Fire Control Safety of State Organs, Organizations, Enterprises and Institutions" (機關、團體、企業、事業單位消防安全管理規定) enacted by the Ministry of Public Security on November 14, 2001 and enforced on May 1, 2002, hotels (or motels) are units which require special supervision on fire control and safety. When a hotel is under construction, renovation or re-construction, a fire control examination procedure is required and when the construction, renovation or re-construction project is completed, a hotel can only open for business after passing a fire control inspection.

(b) Supervision on public health

According to relevant regulations and rules in relation to public health, hotels fall in the scope of public health supervision. The operating enterprise should acquire the sanitation license. The measures for granting and managing the sanitation license are formulated by public health authority of province, autonomous region, and municipality directly under the central government. The sanitation license is signed by the relevant public health administration and the public health and epidemic prevention institutions grant the license. The sanitation license should be reviewed once every two years.

(c) Supervision on food hygiene

According to the relevant regulations and rules in relation to food hygiene supervision, hotels operating catering services should obtain food hygiene licenses. Food hygiene licenses are granted by food hygiene administrative bodies above county level. The purchase, reserve and processing of food, tableware, and service should meet relevant requirements and standards of food hygiene.

(d) Supervision on entertainment

According to the "Regulation on the Administration of Entertainment Venues" (娛樂場所管理條例) enacted by the State Council on January 29, 2006 and enforced on March 1, 2006, hotels that operate singing, dancing and game places for profits should apply to the relevant local competent departments for culture administration for entertainment commercial operation approval. The relevant local competent departments for entertainment administration shall issue a license for entertainment business operations, which verifies the number of consumers acceptable to the entertainment venues according to the prescriptions set down by the competent department governing entertainment administrations under the State Council if it approves the relevant local application. According to the regulations concerning broadcast, movie and TV, hotels above three-star or the second rank of the national standards may apply to local broadcast and television administration of the county or above for setting ground equipment receiving satellite signal to receive entertainment programs from abroad. After finishing setting ground equipment and gaining the approval from broadcast and television administration from the relevant provincial, regional and municipal government and the approval from state security administration, the permit of receiving foreign television program from satellite is issued.

(e) Supervision on disposition of sewage and pollutants

According to Regulations of the Ministry of Construction on the "Conditions for the Fifteen Items of Administrative Licensing that are Included in the Decisions of the State Council" (建設部關於納入國務院決定的十五項行政許可的條件的規定) enacted by the Ministry of Construction on October 15, enforced on December 1, 2004, hotels that have been using or planning to use the city sewage system for water drainage should apply to the local city construction authority for a city water-draining permit.

(f) Supervision on special equipment security

Elevators (lifts or escalators), boilers and pressure containers and so on are special equipment. According to the "Regulations on Security Supervisal of Special Equipment" (特種設備安全監察條例) enacted by the State Council on March 11, 2003 and enforced on June 1, 2003, as amended on January 24, 2009, hotels should register with the special equipment security supervision authority of municipal government or city which has set up districts, and should apply for inspection regularly with the special equipment examination institution a month before the expiration of security examination according to the requirement of regular examination by technical security standard.

(g) Supervision on sale of tobacco and alcohol

According to law and regulations in relation to sale of tobacco, hotels that sell tobacco should apply to the tobacco monopoly administration for a Tobacco Monopoly Retail License. According to the "Measures for the Administration on Foreign Investment in Commercial Fields"

(外商投資商業領域管理辦法) enacted by Ministry of Commerce on April 16, 2004 and enforced on June 1, 2004, a foreign-invested enterprise that operates wholesale and retail is not allowed to operate in tobacco business. According to the "Measures for the Administration of Alcohol Circulation" (酒類流通管理辦法) enacted by Ministry of Commerce on November 7, 2005 and enforced on January 1, 2006, an enterprise that sells alcohol should handle the archival filing and registration in the administrative department of commerce at the same level as the administrative department for industry and commerce where the registration is handled. The licensing system shall apply in those regions where the licensing administration of alcohol circulation has been carried out according to law.

Legal supervision relating to property management sector in the PRC

A. Foreign-invested real estate management enterprises

According to the Guidance Catalog, property management falls within the category of permitted foreign-invested industries. According to the Guidance Catalog and the relevant requirements set out under the laws and the administrative regulations on foreign-invested enterprises, a foreign-invested real estate management enterprise can be set up in the form of a Sino-foreign equity joint venture, a Sino-foreign cooperative joint venture or a wholly foreign owned enterprise. Before the administration of Industry and Commerce registers a foreign-invested enterprise as a foreign invested real estate management enterprise, the foreign invested real estate management enterprise should obtain an approval from the relevant department of commerce and receive a "foreign-invested enterprise approval certificate."

B. Qualifications of a real estate management enterprise

According to the "Regulation on Real Estate Management" (物業管理條例) enacted by the State Council on June 8, 2003 and enforced on September 1, 2003, as amended on August 26, 2007 and effective on October 1, 2007, the state implements a qualification scheme system in monitoring the real estate management enterprises. According to the "Measures for Administration of Qualifications of Real Estate Service Enterprises" (物業服務企業資質管理辦法) enacted by the Ministry of Construction on March 17, 2004 and enforced on May 1, 2004, as amended on November 26, 2007 a newly established real estate service enterprise shall, within 30 days from the date of receiving its business license, apply to the relevant local bureau in charge of the property management under the local government or to the municipalities directly under the central government for a grading assessment. The departments of qualification examination and approval will check and issue a "real estate service qualification certificate" corresponding to their grading assessment results.

According to the Measures for the Administration on Qualifications of Real Estate Service Enterprises, real estate service enterprise shall be classified as either class one, class two or class three. The competent construction department of the State Council is responsible for the issuance and administration of the qualification certificate for class one real estate service enterprises. The competent construction departments of the relevant provincial and regional government is responsible for issuing and administrating the qualification certificate for class two real estate service enterprises, and the competent realty departments of the relevant municipal government is responsible for issuing and administrating the qualification certificate for class two and three real estate service enterprises. The competent realty departments of the people's governments of the cities divided into districts shall be responsible for the issuance and administration of the qualification certificate of the class three real estate service enterprises.

The real estate service enterprises with class one qualification may undertake various property service projects. The real estate service enterprises with class two qualification may undertake the property service business of residential management projects of less than 300,000 sq.m. and non-residential management projects of less than 80,000 sq.m. The real estate service enterprises with class three qualification may undertake the property service business of residential projects of less than 200,000 sq.m. and non-residential projects under 50,000 sq.m.

C. Employment of a real estate service enterprise

According to the Regulation on Real Estate Management, owners may engage or dismiss a property management company with the consent of more than half of the owners who in the aggregate hold more than 50% of the total non-communal area of the building. If, before the formal employment of a property management by the owners or the general meeting, the construction unit is to employ a real estate management enterprise, it shall enter into a preparation stage property services contract in writing with the real estate management enterprise.

Legal supervision relating to construction sector in the PRC

A. Foreign-invested construction enterprise

According to the Guidance Catalog, construction business falls within the category of permitted foreign investment industries. According to the "Regulations on the Administration of Foreign-invested Construction Enterprise" (外商投資建築業企業管理辦法) jointly enacted by the Ministry of Construction and the Ministry of Foreign Economic Cooperation (now changed to MOFCOM) on September 27, 2002 and enforced on December 1, 2002, a foreign investor that establishes foreign-invested construction enterprises in China that carry on construction operations will have to (a) obtain the approval certification of foreign-invested enterprise; (b) register with SAIC or local administration of industry and commerce; and (c) obtain a qualification certificate of construction enterprise from construction administration authorities.

B. The qualification of a construction enterprise

According to Construction Law of the People's Republic of China and the "Provisions on the Administration of Qualifications of Enterprises in Construction Industry" (建築業企業資質管理規定) enacted by the Ministry of Construction on April 18, 2001 and enforced on July 1, 2001, the enterprises in the construction industry shall be classified into different qualification classes pursuant to, amongst other things, the amount of its registered capital, net asset value, professional personnel, technical equipments and performance records of completed construction works. A construction enterprise can engage in construction activities within its approved scope after obtaining the construction qualification certificate.

According to above-mentioned Provisions on the Administration of Qualifications of Enterprises in Construction Industry, the qualifications will be divided into three categories, namely, that for undertaking the whole of a construction project, that for undertaking a specialized contract and that for undertaking a labor service by subcontract. The categories of qualifications for undertaking the whole of a construction project, undertaking a specialized contract and undertaking a labor service by subcontract are divided into several qualification types according to the nature of the project and technical features. Each qualification type is further divided into several classes according to the prescribed conditions.

The department in charge of construction under the State Council is responsible for the approval of the qualification of special class or first class enterprises for undertaking the whole of a construction project, and the qualification of the first class enterprises for undertaking the specialized contract. The administrative department in charge of construction of the relevant provincial, regional or municipal government at the place where the concerned enterprise is registered is responsible for the approval of the qualification of the second class or below enterprises for undertaking the whole of a construction project or undertaking a specialized contract or the qualification of an enterprise of labor service by subcontract.

The department in charge of construction implements the system of annual inspection on qualification for enterprises in the construction industry. The administrative department in charge of construction under the State Council is responsible for the annual inspection on the qualification of special class or the first class enterprises for undertaking the whole of a construction project, and the qualification of the first class enterprises for undertaking specialized contract. The administrative department in charge of construction of the people's government of the relevant provincial, regional or municipal government at the place where the concerned enterprise is registered, is responsible for the annual inspection on the qualification of the second class or below enterprises for undertaking the whole of a construction project or undertaking a specialized contract or the qualification of an enterprise of labor service by subcontract. According to the "Measures of the Ministry of Construction for the Implementation of the Relevant Qualification Administration Provided in the Provisions on the Administration of Foreign Funded Construction Enterprises" enacted by the Ministry of Construction and enforced on April 8, 2003, where a foreign enterprise purchases a domestic-funded construction enterprise, and the enterprise is restructured into a foreign-funded construction enterprise, the qualification of that enterprise is reviewed anew according to the standard it actually meets.

According to the Provisions on the Administration of Qualifications of Enterprises in Construction Industry, an enterprise which undertakes a project without obtaining the qualification certificate for enterprises in the construction industry shall be banned, and be imposed a fine of 2% to 4% of the contractual price of the project. If it obtains any illegal proceeds, such proceeds shall be confiscated.

C. The business scope of qualifications for a wholly foreign owned construction enterprise

According to the Regulations on the Administration of Foreign-invested Construction Enterprise, a wholly foreign owned construction enterprise is allowed to contract, within its scope of qualifications, the following projects: (a) a project that is to be constructed totally with the investment of a foreign country or the donation of a foreign country or the investment and donation of a foreign country; (b) a project funded by an international financial institution or granted through international bidding according to terms of loan; (c) a joint construction project of which foreign investment holds 50% or more, and a Sino-foreign joint construction enterprise in which foreign investment holds less than 50% but which cannot be independently implemented by any Chinese construction enterprise due to technical difficulties and has been approved by the administrative department of construction of the relevant provincial, regional or municipal government; and (d) a construction project using Chinese investment but that cannot be independently implemented by any Chinese construction enterprise due to technical difficulties and for which the administrative department of construction of the relevant provincial, regional or municipal government has approved being jointly contracted by Chinese and foreign construction enterprises.

Regulation on foreign exchange registration of offshore investment by PRC residents

Pursuant to the "SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles" (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知), or Circular No. 75 and its implementation rules, issued on October 21, 2005, ("Circular No.106"), issued on May 2007, (i) a PRC resident, including a PRC resident natural person or a PRC company, shall register with the local branch of SAFE before it establishes or controls an overseas special purpose vehicle, or SPV, for the purpose of overseas equity financing (including convertible debt financing); (ii) when a PRC resident contributes the assets of or its equity interests in a domestic enterprise into a SPV, or engages in overseas financing after contributing assets or equity interests into a SPV, such PRC resident shall register his or her interest in the SPV and the change thereof with the local branch of SAFE; and (iii) when the SPV undergoes a material event outside the PRC, such as change in share capital or merger and acquisition, the PRC resident shall, within 30 days from the occurrence of such event, register such change with the local branch of SAFE. Under Circular No. 75, failure to comply with the registration procedures set forth above may result in penalties, including restrictions on the PRC subsidiary's foreign exchange activities and its ability to distribute dividends to the SPV.

As a result, under Circular No. 75, if the PRC resident or the SPV described above engages in an overseas offering or otherwise undergoes a material event outside the PRC, such PRC resident and SPV are required to register such change with the local branch of SAFE within 30 days from the occurrence of such offering or event.

Management

The following table sets forth certain information with respect to our directors and senior management as of the date hereof.

Name	Age	Title
Mr. Yeung Kwok Keung	56	Chairman and Executive Director
Mr. Mo Bin	44	President and Executive Director
Ms. Yang Huiyan	29	Executive Director
Mr. Yang Erzhu	59	Executive Director
Mr. Su Rubo	56	Executive Director
Mr. Zhang Yaoyuan	65	Executive Director
Mr. Ou Xueming	61	Executive Director
Mr. Yang Zhicheng	37	Executive Director
Mr. Yang Yongchao	36	Executive Director
Mr. Lai Ming, Joseph	66	Independent Non-Executive Director
Mr. Shek Lai Him, Abraham	65	Independent Non-Executive Director
Mr. Tong Wui Tung, Ronald	60	Independent Non-Executive Director
Ms. Ng Yi Kum, Estella	53	Chief Financial Officer
Mr. Huen Po Wah	62	Company Secretary
Mr. Song Jun	43	Vice-President
Mr. Xie Shutai	46	Vice-President
Mr. Chen Hua	61	Vice-President
Mr. Su Boyuan	45	Vice-President

Directors

Our Board currently consists of 12 directors, three of whom are independent non-executive directors. Mr. Mo Bin was appointed as the president and an executive director of our Company in July 2010. Mr. Yang Erzhu was appointed as an executive director in November 2006. All the remaining directors were appointed in December 2006.

Executive directors

Yeung Kwok Keung (楊國強), aged 56, is the chairman and an executive director of our Company. Mr. Yeung graduated from the School of Economic Management of Jinan University (暨南大學). Mr. Yeung is responsible for the formulation of development strategies, investment planning and overall project planning. From 1992 to 1997, he was the general manager of Shunde Sanhe Property Development Co., Ltd. (順德市三和物業發展有限公司). From 1986 to 1997, Mr. Yeung served as the general manager of Shunde Beijiao Construction Company Limited (順德市北滘建築工程有限公司) and also served as the general manager of the Group from 1997 to 2003. He had been the chairman of the Group from 2003 to 2005 and became chairman of the Company after its formation in 2006. Mr. Yeung has over 33 years of experience in construction and over 19 years of experience in property development. Mr. Yeung was recognized as

"Guangzhou Real Estate Excellent Contributor for 20 years" in 2005, "China Charity Outstanding Contributions Person" and "Top Ten Contributions to China Real Estate" in 2009, as well as "China Real Estate Entrepreneur Charity Award" and "Person of China Real Estate" in 2010. Mr. Yeung is currently a member of the Standing Committee of the People's Political Consultative Conference of Guangdong Province (廣東省政協常務委員). Mr. Yeung is the father of Ms. Yang Huiyan and the uncle of Mr. Yang Zhicheng and Mr. Yang Yongchao.

Mo Bin (莫斌), aged 44, is the president and an executive director of our Company. Mr. Mo graduated from Hengyang Institute of Technology (衡陽工學院) (currently known as University of South China (南華大學)) with an undergraduate degree in industrial and civil architecture, obtained his postgraduate degree from Zhongnan University of Economics and Law (中南財經政法大學) and is a professor-grade senior engineer. Mr. Mo is primarily responsible for the management of daily operation and general administration of our Group. Prior to joining our Group, Mr. Mo was employed by an internationally competitive construction and property group in the mainland, China Construction Fifth Engineering Division Corp., Ltd. (中國建築第五工程局有限公司) , in a number of senior positions since 1989, most recently as director and general manager. Mr. Mo has over 20 years of extensive experience in property development, construction business, construction management, marketing, cost control and corporate management.

Yang Huiyan (*楊惠妍*), aged 29, is an executive director of our Company. Ms. Yang graduated from Ohio State University with a degree in marketing and logistic. She joined the Group in 2005 and served as the manager of the procurement department. She is primarily responsible for the formulation of our development strategies. Ms. Yang is the daughter of Mr. Yeung Kwok Keung, a cousin of Mr. Yang Zhicheng and Mr. Yang Yongchao, and the daughter-in-law of Mr. Chen Hua.

Yang Erzhu (*楊貳珠*), aged 59, is an executive director of our Company. Mr. Yang graduated from the School of Economic Management of Jinan University. He is primarily responsible for auditing the outsourcing of construction and assisting our chairman in investment planning. From 1994 to 1997, Mr. Yang served as a deputy general manager of Shunde Sanhe Property Development Co., Ltd. From 1986 to 1997, Mr. Yang served as a deputy general manager of Shunde Beijiao Construction Company Limited. From 1999 to 2009, he served as a director and deputy general manager of Foshan Shunde Finest Decoration & Design Enterprise in Shunde District, Foshan City and he has served as a director and deputy general manager of Giant Leap Construction Co. and Foshan Shunde Country Garden Property Development Co., Ltd. since 1997. Mr. Yang has over 33 years of experience in construction and approximately 17 years of experience in property development.

Su Rubo (*蘇汝波*), aged 56, is an executive director of our Company. Mr. Su graduated from the School of Economic Management of Jinan University. He is primarily responsible for construction management, supervision and coordination of some of our property development projects. From 1994 to 1997, Mr. Su served as a deputy general manager of Shunde Sanhe Property Development Co., Ltd. From 1986 to 1997, Mr. Su served as deputy general manager of Shunde Beijiao Construction Company Limited and has been serving as a director and deputy general manager of Giant Leap Construction Co. and Foshan Shunde Country Garden Property Development Co., Ltd. since 1997. Mr. Su has over 33 years of experience in construction and approximately 17 years of experience in property development and approximately 14 years of experience in procurement of construction materials.

Zhang Yaoyuan (*張耀垣*), aged 65, is an executive director of our Company. He is primarily responsible for construction management, supervision and coordination of some of our property development projects. From 1994 to 1997, Mr. Zhang served as a deputy general manager of Shunde Sanhe Property Development Co., Ltd. From 1986 to 1997, Mr. Zhang served as manager and deputy general manager of Shunde Beijiao Construction Company Limited and has been serving as a director and deputy general manager of Giant Leap Construction Co. and Foshan Shunde Country Garden Property Development Co., Ltd. since 1997. Mr. Zhang has over 43 years of experience in construction and approximately 17 years of experience in the management of property development.

Ou Xueming (*區學銘*), aged 61, is an executive director of our Company. He is primarily responsible for construction management, supervision and coordination of some of our property development projects. From 1994 to 1997, Mr. Ou served as a deputy general manager of Shunde Sanhe Property Development Co., Ltd. From 1986 to 1997, Mr. Ou served as deputy general manager of Shunde Beijiao Construction Company Limited and has been serving as a director and deputy general manager of Giant Leap Construction Co. and Shunde Country Garden Co. since 1997. Mr. Ou has over 33 years of experience in construction and approximately 17 years of experience in the operation and management of property development.

Yang Zhicheng (*楊志成*), aged 37, is an executive director of our Company and our regional president. He is primarily responsible for the overall development and management of some of our property development projects. Prior to joining us in 1997, Mr. Yang served as a project manager of Shunde Sanhe Property Development Co., Ltd., the general manager of Foshan Shunde Jun'an Country Garden Property Development Co., Ltd. and the project general manager of the Group. Mr. Yang has approximately 17 years of experience in project development. Mr. Yang is a nephew of Mr. Yeung Kwok Keung and a cousin of Ms. Yang Huiyan and Mr. Yang Yongchao.

Yang Yongchao (*楊永潮*), aged 36, is an executive director of our Company and the general manager of our sales center. He is primarily responsible for our overall sales management. He has been responsible for the management of the sales center of Shunde Country Garden Co. since 1997. Mr. Yang has approximately 14 years of experience in property sales management, market research, project planning proposal, pricing, marketing, sales and customer resource management. Mr. Yang is a nephew of Mr. Yeung Kwok Keung and a cousin of Ms. Yang Huiyan and Mr. Yang Zhicheng.

Independent non-executive directors

Lai Ming, Joseph (*黎明*), aged 66, is an independent non-executive director, chairman of the audit committee and a member of the remuneration committee of our Company. Mr. Lai is a fellow member of Hong Kong Institute of Certified Public Accountants ("HKICPA"), CPA Australia and the Chartered Institute of Management Accountants ("CIMA") and the Hong Kong Institute of Directors. Mr. Lai was one of the co-founders of the Hong Kong Branch of CIMA established in 1973 and was its president in 1974/75 and 1979/80. He was the president of HKICPA in 1986. He is also an advisor to the Corporate Governance Committee of CPA Australia Hong Kong China Division. Mr. Lai is an independent non-executive director of Shinhint Acoustic Link Holdings Limited, Jolimark Holdings Limited and Guangzhou R&F Properties Co., Limited, all of which are companies whose shares are listed on the Hong Kong Stock Exchange. Mr. Lai also holds directorships in several private companies engaging in property development in Canada. Mr. Lai is also a director of the Hong Kong University of Science and Technology R & D Corporation Limited. He is also an independent non-executive director of Chen's Holdings Limited and Sheng Fung Company, Limited.

Shek Lai Him, Abraham (*石禮謙*) SBS, JP, aged 65, is an independent non-executive director, a member of the audit committee and remuneration committee of our Company. Mr. Shek graduated from the University of Sydney and holds a Bachelor of Arts degree and a Diploma in Education. He was appointed a Justice of the Peace in 1995 and was awarded the Silver Bauhinia Star by the government of HK SAR in 2007. He is a member of the Hong Kong Legislative Council representing the Real Estate and Construction Functional Constituency, a member of the Court of Hong Kong University of Science and Technology and the Court of University of Hong Kong, and a vice chairman of the Independent Police Complaint Council. Mr. Shek is an independent non-executive director of Midas International Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, Titan Petrochemicals Group Limited, ITC Corporation Limited, ITC Properties Group Limited, Hop Hing Group Holdings Limited, Hsin Chong Construction Group Limited, MTR Corporation Limited, SJM Holdings Limited, Paliburg Holdings Limited, Chuang's Consortium International Limited, China Resources Cement Holdings Limited and Kosmopolito Hotels International Limited, and a chairman and an independent non-executive director of Chuang's China Investments Limited, all of which are companies whose shares are listed on the Hong Kong Stock Exchange, as well as a director of The Hong Kong Mortgage Corporation Limited. Mr. Shek is also an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust) and Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), both trusts are listed on the Hong Kong Stock Exchange. Mr. Shek also holds directorships in several property-related private companies.

Tong Wui Tung, Ronald (*唐滙棟*), aged 60, is an independent non-executive director, a member of the audit committee and remuneration committee of our Company. He has been practicing as a solicitor in Hong Kong for over 30 years and is a partner of the law firm, Messrs. Cheung, Tong & Rosa. He is also a Notary Public and a China Appointed Attesting Officer, and is admitted as a solicitor in several other jurisdictions. Mr. Tong is currently a non-executive director of Yip's Chemical Holdings Limited, a company whose shares are listed on the Hong Kong Stock Exchange.

Chief financial officer

Ng Yi Kum, Estella (*伍綺琴*), aged 53, is the chief financial officer of the Company with effect from January 2008. From September 2005 to November 2007, Ms. Ng was an executive director of Hang Lung Properties Limited, a company listed on the Hong Kong Stock Exchange. Prior to her joining Hang Lung Properties in 2003, she was employed by the Hong Kong Stock Exchange in a number of senior positions, most recently as Senior Vice President of its Listing Division. Prior to that she gained valuable auditing experience with Deloitte Touche Tohmatsu. Ms. Ng is a qualified accountant and holds a Master of Business Administration degree from the Hong Kong University of Science and Technology. She is an associate of The Institute of Chartered Accountants in England and Wales, The Institute of Chartered Secretaries and Administration and a Fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. She has also contributed her time to various public service appointments including being a co-opted member of the Audit Committee of the Hospital Authority, and Corporate Advisor to the Business School of Hong Kong University of Science and Technology.

Company secretary

Huen Po Wah (*禤寶華*), aged 62, is our company secretary. Mr. Huen joined the Group in March 2007. Mr. Huen is an associate of The Hong Kong Institute of Chartered Secretaries and also an associate of The Institute of Chartered Secretaries and Administrators. Mr. Huen is also a director of Fair Wind Secretarial Services Limited. Mr. Huen has over 28 years of experience in company management and secretarial fields and has served in many listed companies over the years.

Senior management

Song Jun (*宋軍*), aged 43, is a vice-president of our Company. Mr. Song graduated from the Chongqing College of Construction and Architecture (重慶建築工程學院), currently known as Chongqing University (重慶大學), with a degree in architecture and is a qualified PRC architect. Mr. Song is responsible for construction management, supervision and coordination of some of our property development projects. Prior to joining the Group in 1997, he worked in Hunan Province Jishou City Construction Institute (湖南省吉首市建築規劃勘察設計院) and Elite Architectural Co. with responsibility for architectural design work. Since 1997, he has been serving as project manager and project supervisor of Shunde Country Garden Co. responsible for the management of property development projects. Mr. Song has approximately 14 years of experience in the management of property development.

Xie Shutai (***謝樹太***), aged 46, is a vice-president of our Company. Mr. Xie graduated from Hunan University (湖南大學) with a degree in civil engineering and is a qualified PRC civil engineer. He is primarily responsible for the overall management and supervision of some of our property development projects, and also responsible for the overall management of our hotels and property management companies. Prior to joining us in 1997, he worked in Hengyang City Construction Institute (衡陽市建築設計研究院) from 1986 to 1991 responsible for structural design work. Mr. Xie worked in Shunde Sanhe Property Development Co., Ltd. from 1992 to 1997 responsible for property management. Since 1997, he has been working in Shunde Country Garden Co. and Guangdong Management Co. where he is responsible for the overall property and hotel management of the Group. Mr. Xie has approximately 19 years of experience in property management and approximately 14 years of experience in hotel management.

Chen Hua (***陳華***), aged 61, is a vice-president of our Company. Mr. Chen graduated from Jilin Industrial University (吉林工業大學) majoring in tractor design, Heilongjiang University (黑龍江大學) majoring in national economic management, and Northeast Agricultural University (東北農業大學), majoring in agriculture economic management. He is responsible for the overall management of some of our property development projects. Prior to joining us in 2007, he was a director of Poverty Alleviation and Development Office of Heilongjiang Provincial Government. He has over 34 years of experience working in government. Mr. Chen is the father-in-law of Ms. Yang Huiyan.

Su Boyuan (***蘇柏垣***), aged 45, is a vice-president of our Company. Mr. Su graduated from Guangzhou Normal Institute (廣州師範學院) (currently known as Guangzhou University (廣州大學)) majoring in geography and obtained his postgraduate degree in human geography from Sun Yat-Sen University (中山大學). He is primarily responsible for investment development and the overall management of some of our property development projects. Prior to joining us in 2005, Mr. Su had over 10 years of experience in land planning and development as well as operational management.

Compensation of directors

Our executive directors receive remuneration in the form of salaries, discretionary bonuses, contributions to pension schemes and benefits in kind. The aggregate salary paid to our executive directors for each of the three years ended December 31, 2008, 2009 and 2010, was RMB15.3 million, RMB18.5 million and RMB19.8 million, respectively. In accordance with the rules and regulations in the PRC, our PRC based employees, including employees who are directors, participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which we and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. For the years ended December 31, 2008, 2009 and 2010, we contributed RMB36,000, RMB51,000 and RMB57,000, respectively, to the plans in respect of our executive directors. The aggregate amounts of compensation (including salaries, discretionary bonuses, contributions to pension schemes and benefits in kind) which were paid to our executive directors during each of the three years ended December 31, 2008, 2009 and 2010, were RMB15.4 million, RMB18.6 million and RMB19.8 million, respectively.

Save as disclosed above, no other amounts have been paid or are payable by us to the directors in respect of each of the three years ended December 31, 2008, 2009 and 2010.

Audit committee

We have established an audit committee. The audit committee is to serve as a focal point for communication between our directors, our external auditors and our internal auditors (where an internal audit function exists) as regards their duties relating to financial and other reporting, internal controls, external and internal audits and such other financial and accounting matters as the Board determine from time to time. The audit committee is to assist our board of directors in providing an independent review of the effectiveness of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as may be assigned by our board of directors from time to time. The members of the audit committee are our independent non-executive directors, namely Mr. Lai Ming, Joseph, Mr. Shek Lai Him, Abraham and Mr. Tong Wui Tung, Ronald. Mr. Lai Ming, Joseph is the chairman of the audit committee.

Remuneration committee

We have established a remuneration committee. The remuneration committee consists of five members, of whom two are executive directors being Mr. Yeung Kwok Keung and Mr. Mo Bin, and three are independent non-executive directors being Mr. Lai Ming, Joseph, Mr. Shek Lai Him, Abraham and Mr. Tong Wui Tung, Ronald. The primary duty of the remuneration committee is to review and formulate policies in respect of remuneration structure for all our directors and senior management and make recommendations to our board of directors for its consideration. Mr. Yeung Kwok Keung is the chairman of the remuneration committee.

Directors' and chief executives' interests

As of December 31, 2010, the interests of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company as recorded in the register which were required to be kept under section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of director	Capacity	Number of ordinary shares	Percentage to issued share capital	Amount of debentures held
Ms. Yang Huiyan	Interest of Controlled Corporation(1)	9,991,089,404	59.83%	-
Mr. Yang Erzhu	Interest of Controlled Corporation(1)	972,000,000	5.82%	-
Mr. Zhang Yaoyuan	Interest of Controlled Corporation(1)	816,000,000	4.89%	-
Mr. Ou Xueming	Interest of Controlled Corporation(1)	736,000,000	4.41%	-
Mr. Su Rubo	Interest of Controlled Corporation(1)	716,000,000	4.29%	-
Mr. Cui Jianbo(2)	Interest of Spouse(3)	8,181,864	0.05%	US$1,200,000
Mr. Yang Yongchao	Interest of Spouse(4)	3,388,043	0.02%	-
Mr. Yeung Kwok Keung . . .	Interest of Controlled Corporation(5)	-	-	US$6,300,000

Notes:

(1) These shares represent shares held by Concrete Win Limited, Automic Group Limited, Easy Hope Holdings Ltd, Acura International Global Limited and Highlander Group Limited in which Ms. Yang Huiyan, Mr. Yang Erzhu, Mr. Su Rubo, Mr. Zhang Yaoyuan and Mr. Ou Xueming beneficially owns the entire issued share capital, respectively.

(2) Mr. Cui Jianbo has resigned as an executive director of our Company with effect from January 20, 2011.

(3) These shares represent shares held by Ms. He Jianxun, who is the spouse of Mr. Cui Jianbo.

(4) These shares represent shares held by Ms. Su Yuming, who is the spouse of Mr. Yang Yongchao.

(5) These debentures represent 2017 Notes held by Joy House Enterprises Limited in which Mr. Yeung Kwok Keung beneficially owns 99% of the issued share capital.

Employee incentive scheme

We are in the process of setting up an employee incentive scheme (the "Employee Incentive Scheme"), under which we expect to acquire shares of the Company in the secondary market and grant them to our employees based on certain criteria. The purpose of the Employee Incentive Scheme is to motivate our employees and to enhance their performance and efficiency. As of December 31, 2010, the cumulative total number of shares of the Company acquired for purposes of the Employee Incentive Scheme were 87,176,819 shares, including the script dividend received during the year. The total consideration to acquire these shares was approximately RMB320.3 million. As of the date hereof, no shares have been granted under the Employee Incentive Scheme.

Share option scheme

We adopted a share option scheme (the "Share Option Scheme") on March 20, 2007. The purpose of the Share Option Scheme is to provide incentives to our employees including our executive directors and non-executive directors (each a "participant"). Our board of directors may, at any time within 10 years after the date of adoption of the Share Option Scheme, make an offer to any participant. The subscription price for shares granted pursuant to the Share Option Scheme is the highest of:

- the closing price of the shares of the Company on the Hong Kong Stock Exchange on the business day on which an offer is made to a participant;

- the average of the closing prices of the shares on the Hong Kong Stock Exchange for the five business days immediately preceding the date on which such offer is made; and
- the nominal value of the shares of the Company.

The total number of shares which may be issued upon exercise of all options granted under the Share Option Scheme must not, in aggregate, exceed 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of our shareholders. The maximum number of shares which may be issued upon exercise of all outstanding options granted, and yet to be exercised, under the Share Option Scheme must not exceed 30% of our issued share capital.

The total number of shares issued and to be issued upon exercise of all options granted under the Share Option Scheme to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of issued shares of the Company. If shares issued and to be issued upon exercise of all options granted under the Share Option Scheme (including options exercised, cancelled and outstanding) to a participate who is a substantial shareholder or an independent non-executive director of the Company in any 12-month period, (i) represent in aggregate more than 0.1% of the total number of shares in issue and (ii) have an aggregate value, based on the closing price of the shares of the Company at the date of each grant, in excess of HK$5,000,000, the proposed grant of option must be approved by our shareholders by poll in a general meeting.

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

As of the date hereof, no share options have been granted under the Share Option Scheme.

Principal shareholders

As of June 30, 2010, the interested persons, other than the directors or chief executive of the Company in the shares and the underlying shares of the Company representing 5% or more of the nominal value of shares comprised in the relevant share capital of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of ordinary shares	Percentage of issued share capital
Concrete Win Limited	Beneficial Owner	9,991,089,404[(1)]	59.83%
Automic Group Limited	Beneficial Owner	972,000,000[(2)]	5.82%

Notes:

(1) These 9,991,089,404 shares are held by Concrete Win Limited, the entire issued share capital of which is beneficially owned by Ms. Yang Huiyan.

(2) These 972,000,000 shares are held by Automic Group Limited, the entire issued share capital of which is beneficially owned by Mr. Yang Erzhu.

Save as disclosed, none of the directors knows of any person (not being a director or chief executive of the Company) who will have an interest or short position in the shares or underlying shares of the Company as representing 5% or more of the nominal value of Shares comprised in the relevant share capital of the Company.

Related party transactions

The following discussion describes certain material related party transactions in 2008, 2009 and 2010 between our consolidated subsidiaries and our directors, executive officers, original shareholders and associates and, in each case, the companies with which they are affiliated. In 2008, 2009 and 2010, the aggregate amount of our related party transactions (in accordance with HKFRS) was RMB745.1 million, RMB860.4 million and RMB599.8 million, respectively.

The following table summarizes our related party transactions for the periods indicated.

	Year ended December 31,		
(RMB in thousands)	**2008**	**2009**	**2010**
Construction and decoration service income			
Controlled by original shareholders[1]	335,109	366,825	244,017
Purchase of design service			
Controlled by original shareholders	180,955	226,385	203,270
Purchase of construction material and water			
Controlled by original shareholders and their close family members	208,058	95,852	122,028
Disposal of available-for-sale financial assets			
Controlled by original shareholders	-	143,995	-
Key management compensation			
Salaries and other short-term employee benefits	20,937	27,345	30,511
Total	745,059	860,402	599,826

Note:
(1) Our "original shareholders" in this section and elsewhere herein refer to Yang Huiyan, Yang Erzhu, Su Rubo, Zhang Yaoyuan and Ou Xueming.

As of December 31, 2008, 2009 and 2010, we had the following significant balances with our related parties:

	As of December 31,		
Balances due from related parties—	**2008**	**2009**	**2010**
	(RMB in thousands)		
Included in amounts due from customers for contract work	292,624	175,110	325,010
Included in other receivables			
Controlled by original shareholders	-	144,403	106,383
Associate[1]	-	-	1,522,096
	-	144,403	1,628,479
Total	292,624	319,513	1,953,489
Balances due to related parties—			
Included in trade payables	49,724	173,693	39,040

Note:
(1) Represents shareholder loans we made to the Asian Games JV.

Construction and decoration services

A substantial amount of our related party transactions consist of construction and decoration services we provided to related parties. Pursuant to various contracts, we provide construction services through our subsidiaries, Giant Leap Construction Co., to Qingyuan Country Garden Co., a company controlled by our original shareholders. We sell such construction services to Qingyuan Country Garden Co. with reference to market prices and on terms no more favorable than those offered by independent third parties for comparable services. In 2008, 2009 and 2010, the aggregate services fees we received from Qingyuan Country Garden Co. amounted to RMB335.1 million, RMB366.8 million and RMB244.0 million, respectively.

Purchase of design services

Our design work is mainly undertaken by Elite Architectural Co., which is controlled by one of our original shareholders. The design services are provided on terms (including but not limited to pricing) no less favorable than those offered by independent third parties for comparable services. In 2008, 2009 and 2010, the total purchase prices amounted to RMB181.0 million, RMB226.4 million and RMB203.3 million, respectively. We estimate that the maximum total fees for design services provided by Elite Architectural Co. to us will not exceed RMB650.0 million for the year ending December 31, 2011, 2012 and 2013.

Purchase of cement products

We purchase cement products from Foshan Shunde Grand Cement Co., Ltd. ("Grand Cement Co."), a company controlled by our original shareholders, for some of our property development projects. The cement products are sold to us on terms (including but not limited to pricing) no less favorable than those offered by Grand Cement Co. to independent third parties. In 2008, 2009 and 2010, purchases of cement products from Grand Cement Co. amounted to RMB190.7 million, RMB81.9 million and RMB106.5 million, respectively.

Purchase of water

We purchase water pursuant to the following agreements:

- the water supply agreement dated March 27, 2007 between Shunde Country Garden Property Development Co., Ltd. ("Shunde CG") and Foshan Shunde Jiangkou Water Plant Co., Ltd. ("Jiangkou Water Plant Co.");
- the Jiangkou water supply supplemental agreement dated December 17, 2010 ("Jiangkou Water Supply Supplemental Agreement"); and
- the water agreement ("Crystal Water Supply Agreement") dated December 15, 2009 between Zengcheng Country Garden Property Development Co., Ltd. ("Zengcheng CG") and Zengcheng Crystal Water Plant Co., Ltd. ("Crystal Water Plant Co.").

Jiangkou Water Plant Co. and Crystal Water Plant Co. provide us with water for use in operations in the Panyu District, the Shunde District and the Zengcheng District. The term of the Jiangkou Water Supply Supplemental Agreement is for three years commencing from January 1, 2011. We estimate that the maximum amount of fees for water supply under the Jiangkou Water Supply Supplemental Agreement for each of the three years ending December 31, 2011, 2012 and 2013 will not exceed RMB4.5 million. The term of the Crystal Water Supply Agreement is for three years commencing from January 1, 2010. We estimate that the maximum amount of fees for water supply under the Crystal Water Supply Agreement for each of the three years ending December 31, 2010, 2011 and 2012 will not exceed RMB17.0 million. The water supply provided under the above agreements shall be at rates no less favorable than rates chargeable by other water plants operated by independent third parties in the Panyu District, the Shunde District and the Zengcheng District. The amount we paid to Jiangkou Water Plant Co. and Crystal Water Plant Co. were RMB5.3 million and RMB12.0 million respectively in 2008, RMB2.0 million and RMB11.9 million respectively in 2009, and RMB3.7 million and RMB11.8 million respectively in 2010.

Other related party transactions

Other related transactions include the purchase of construction materials (other than cement products) from our original shareholders and their close family members. Generally, the terms of such transactions (including but not limited to pricing or rates, as applicable) are no less favorable than those offered by independent third parties for comparable products and services. We estimate that the maximum total fee for other such ongoing transactions will not exceed an aggregate of approximately RMB20.0 million for each of years ending December 31, 2009, 2010 and 2011.

For further information about our related party transactions, see note 37 to the audited financial information as of and for the year ended December 31, 2010 included herein.

Description of other material indebtedness

To fund our existing property projects and to finance our working capital requirements, we have borrowed money from various banks. As of December 31, 2010, our total borrowings (including the 2014 Notes, the 2017 Notes, the 2015 Notes and the Convertible Bonds) totaled RMB20,118.2 million. We set forth below a summary of the material terms and conditions of these loans and other indebtedness.

Project loan agreements

Certain of our PRC subsidiaries have entered into loan agreements with various PRC banks, primarily Bank of China, Agricultural Bank of China, China Construction Bank, Industrial and Commercial Bank of China, China Minsheng Bank Corp. Ltd., and Guangdong Development Bank. These loans typically are project loans to finance the construction of our projects (the "project loans") and have terms ranging from one year to five years, which generally correspond to the construction periods of the particular projects.

Interest

The principal amounts outstanding under the project loans generally bear interest at floating rates calculated by reference to the relevant bank's benchmark interest rate per annum which in turn is generally linked to PBOC-published rates. Floating interest rates generally are subject to review by the banks annually. Interest payments generally are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement.

Covenants

Under these project loans, many of our subsidiary borrowers have agreed, among other things, not to take the following actions without first obtaining the lenders' prior consent:

- create encumbrances on any part of their properties or assets or deal with their assets in a way that may adversely affect their ability to repay their loans;
- grant guarantees to any third parties that may adversely affect their ability to repay their loans;
- make any major changes to their corporate structures, such as entering into joint ventures, mergers and acquisitions and reorganizations or change the company's status, such as liquidation and dissolution;
- alter the nature or scope of their business operations in any material respect;
- transfer part or all of the liabilities under the loans to a third party; and
- prepay the loan.

Dividend restriction

Pursuant to the project loans with Industrial and Commercial Bank of China, China Construction Bank, Bank of China, Agricultural Bank of China and Guangdong Development Bank, some of our PRC subsidiaries also agreed not to distribute any dividends:

- if the borrower's after-tax net profit is nil or negative; or
- before the principal amount of and accrued interest on the relevant project loan have been fully paid.

Guarantee and security

Certain of our PRC subsidiaries and associates have entered into guarantee agreements with the PRC banks in connection with some of the project loans pursuant to which these subsidiaries and associates have guaranteed all liabilities of the subsidiary borrowers under these project loans.

Customer guarantees

In line with industry practice, we provide guarantees to mortgagee banks in respect of mortgage loans taken out by purchasers of our properties. Such guarantee obligations typically terminate upon the delivery of the relevant property ownership certificates on the underlying property to the bank. As of December 31, 2010, the aggregate outstanding amount guaranteed was RMB18,664.1 million.

Convertible Bonds

On February 22, 2008, we issued an aggregate principal amount of RMB3,595,000,000 U.S. dollar settled 2.5% convertible bonds due 2013. The aggregate principal amount of the Convertible Bonds was increased to RMB4,314,000,000 on March 3, 2008, as a result of over-subscription. The Convertible Bonds will mature on February 22, 2013. We repurchased a certain amount of the Convertible Bonds through a tender offer in April 2010 and through trading on the over-the-counter market. As of the date hereof, RMB1,303.6 million aggregate principal amount of the Convertible Bonds are outstanding.

Conversion

The Convertible Bonds are, at the option of the holders, convertible on or after April 3, 2008 up to the close of business on February 15, 2013 into our fully paid ordinary shares with a par value of HK$0.10 each at an initial conversion price of HK$9.05 per share with a fixed exchange rate of RMB0.922 to HK$1.00. The conversion price is subject to adjustment for, among other things, subdivision or consolidation of shares, bonus issues, rights issues, capital distributions and other dilutive events as described in the trust deed and the terms and conditions relating to the Convertible Bonds.

Optional redemption by holders

On February 22, 2011, the holder of each Convertible Bond will have the right, at such holder's option, to require us to redeem, in whole or in part, the Convertible Bonds at an amount equal to the U.S. dollar equivalent of their RMB principal amount multiplied by 111.997%, together with any accrued but unpaid interest to the date of redemption. As of January 21, 2011, the last day on which holders of Convertible Bonds could deposit a notice exercising their option to require us to redeem their Convertible Bonds, we had received notices from holders of Convertible Bonds to exercise their option to redeem Convertible Bonds in an aggregate principal amount of RMB522.6 million, representing approximately 40.1% of the outstanding principal amount of the Convertible Bonds (the "Redeemed Bonds"). The total amount payable for redeeming the Redeemed Bonds (including accrued and unpaid interest up to redemption date) will be the U.S. dollar equivalent of RMB591.8 million. Upon redemption, the Redeemed Bonds will be cancelled. Assuming no other Convertible Bonds are redeemed, repurchased or otherwise cancelled before the redemption, the aggregate principal amount of the Convertible Bonds outstanding immediately after the redemption on February 22, 2011 will be approximately RMB781.0 million. See "Management's discussion and analysis of financial condition and results of operations—Borrowings."

Optional redemption by us

At any time after March 8, 2011 and prior to February 22, 2013, we may redeem, in whole but not in part, the Convertible Bonds at a redemption price equal to the U.S. dollar equivalent of their early redemption amount (as determined based on a pre-set formula) on the redemption date, together with any accrued but unpaid interest to the date of redemption, if the closing price of our shares translated into Renminbi at the prevailing rate applicable to the relevant trading day for 20 out of 30 consecutive trading days, where the last day of such 30-day period falls within five trading days prior to the date upon which notice of such redemption is given, was at least 130% of the applicable early redemption amount divided by the conversion ratio. The conversion ratio is equal to the RMB principal amount of each Convertible Bond translated into H.K. dollars at the fixed rate of RMB0.922 to HK$1.00 divided by the applicable conversion price determined under the terms and conditions relating to the Convertible Bonds.

We may redeem all but not some of the Convertible Bonds at a redemption price equal to the U.S. dollar equivalent of their early redemption amount on the redemption date, together with any accrued but unpaid interest to the date of redemption, if at any time at least 90% in principal amount of the Convertible Bonds has already been converted, redeemed or purchased and cancelled.

Collateral

Our obligations under the trust deed constituting the Convertible Bonds are secured by the capital stock of certain of our subsidiaries, see "—2015 Notes—Collateral."

2014 Notes

On September 10, 2009, we entered into an indenture (the "2014 Indenture") pursuant to which we issued an aggregate principal amount of US$300,000,000 11.750% Senior Notes due 2014 (the "Initial Notes"). On September 23, 2009, we issued an additional aggregate principal amount of US$75,000,000 11.750% Senior Notes due 2014 under the 2014 Indenture, which were fungible with, and which we consolidated with, the Initial Notes (together with the Initial Notes, the

"2014 Notes"). As of December 31, 2010, we had a total amount of US$375,000,000 principal amount of 2014 Notes outstanding.

Guarantee

The obligations pursuant to the 2014 Notes are guaranteed by our subsidiaries other than Power Great Enterprises Limited and our subsidiaries organized under the laws of the PRC (the "2014 Subsidiary Guarantors").

Each of the 2014 Subsidiary Guarantors, jointly and severally, guarantee the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under the 2014 Notes.

Collateral

The 2014 Notes and the Subsidiary guarantees provided by the 2014 Subsidiary Guarantors are secured by the Shared Collateral (as defined below). See "—2015 Notes—Collateral."

Interest

The 2014 Notes bear an interest rate of 11.750% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the 2014 Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

On March 10, 2010, we completed a consent solicitation to amend certain terms of the 2014 Notes to allow us to make investments (including the provision of guarantees) in the Asian

Games Project in proportion to our equity interest in the Asian Games JV and to give us flexibility to incur certain indebtedness to take advantage of additional strategic opportunities and further develop our business plans. On March 12, 2010, we entered into a first supplemental indenture with the trustee for the 2014 Notes to give effect to these amendments.

Events of default

The 2014 Indenture contains certain customary events of default, including default in the payment of principal or of any premium on the 2014 Notes when such payments become due, default in payment of interest which continues for 30 days, and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing for a period of 30 consecutive days, the trustee under the 2014 Indenture or the holders of at least 25% of the outstanding 2014 Notes may declare the principal of the 2014 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Change of control

Upon the occurrence of certain events of change of control and a rating decline, we will make an offer to repurchase all outstanding 2014 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to the repurchase date.

Maturity and redemption

The maturity date of the 2014 Notes is September 10, 2014.

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

At any time prior to September 10, 2012, we may redeem up to 35% of the aggregate principal amount of the 2014 Notes at a redemption price equal to 111.750% of the principal amount of the 2014 Notes, plus any accrued and unpaid interest with the proceeds from sales of certain kinds of the Company's capital stock, *provided that* at least 65% of the aggregate principal amount of the 2014 Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days of the related sale of the Company's capital stock and subject to certain conditions.

Additionally, if we or a 2014 Subsidiary Guarantor under the 2014 Indenture would become obligated to pay certain additional amounts as a result of certain changes in specified tax law, we may redeem the 2014 Notes at a redemption price equal to 100% of the principal amount of the 2014 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

2017 Notes

On April 22, 2010, we entered into an indenture ("the 2017 Indenture") pursuant to which we issued an aggregate principal amount of US$550,000,000 11.250% Senior Notes due 2017 (the "2017 Notes").

Guarantee

The obligations pursuant to the 2017 Notes are guaranteed by the same subsidiaries acting as subsidiary guarantors for the 2014 Notes and the 2015 Notes (the "2017 Subsidiary Guarantors").

Each of the 2017 Subsidiary Guarantors, jointly and severally, guarantee the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under the 2017 Notes.

Collateral

The 2017 Notes and the subsidiary guarantees provided by the 2017 Subsidiary Guarantors are secured by the Shared Collateral. See "—2015 Notes—Collateral."

Interest

The 2017 Notes bear an interest rate of 11.250% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the 2017 Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of default

The 2017 Indenture contains certain customary events of default, including default in the payment of principal or of any premium on the 2017 Notes when such payments become due, default in payment of interest which continues for 30 days, and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing for a period of 30 consecutive days, the trustee under the 2017 Indenture or the holders of at least 25% of the outstanding 2017 Notes may declare the principal of the 2017 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Change of control

Upon the occurrence of certain events of change of control and a rating decline, we will make an offer to repurchase all outstanding 2017 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to the repurchase date.

Maturity and redemption

The maturity date of the 2017 Notes is April 22, 2017.

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

Period	Redemption Price
2014	105.6250%
2015	102.8125%
2016 and thereafter	100.0000%

At any time prior to April 22, 2014, we may redeem the 2017 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2017 Notes, plus a premium and any accrued and unpaid interest to the redemption date.

At any time prior to April 22, 2013, we may redeem up to 35% of the aggregate principal amount of the 2017 Notes at a redemption price equal to 111.250% of the principal amount of the 2017 Notes, plus any accrued and unpaid interest with the proceeds form sales of certain kinds of the Company's capital stock, *provided that* at least 65% of the aggregate principal amount of the 2017 Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days of the related sale of the Company's capital stock and subject to certain conditions.

Additionally, if we or a 2017 Subsidiary Guarantor under the 2017 Indenture would become obligated to pay certain additional amounts as a result of certain changes in specified tax law, we may redeem the 2017 Notes at a redemption price equal to 100% of the principal amount of the 2017 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

2015 Notes

On August 11, 2010, we entered into an indenture (the "2015 Indenture") pursuant to which we issued an aggregate principal amount of US$400,000,000 10.500% Senior Notes due 2015 (the "2015 Notes").

Guarantee

The obligations pursuant to the 2015 Notes are guaranteed by the same subsidiaries acting as subsidiary guarantors for the 2014 Notes and the 2017 Notes (the "2015 Subsidiary Guarantors").

Each of the 2015 Subsidiary Guarantors, jointly and severally, guarantee the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under the 2015 Notes.

Collateral

The capital stock of certain 2015 Subsidiary Guarantors (the "Shared Collateral") is currently pledged to secure on a *pari passu* basis our obligations under (i) a trust deed constituting the Convertible Bonds, (ii) the 2014 Notes and the subsidiary guarantees provided by the subsidiary guarantor pledgors under the 2014 Indenture, (iii) the 2017 Notes and the subsidiary guarantees provided by the subsidiary guarantor pledgors under the indenture governing the 2017 Notes and (iv) the 2015 Notes and the subsidiary guarantees provided by the subsidiary guarantor pledgors under the indenture governing the 2015 Notes, subject to the Intercreditor Agreement. The Intercreditor Agreement governs the relationships among the holders of the Convertible Bonds, the holders of the 2014 Notes, the holders of the 2017 Notes and the holders of the 2015 Notes in respect of the security interests created by the Shared Collateral that is shared on a *pari passu* basis among them. Additionally, the Intercreditor Agreement provides for the collateral agent to exercise remedies in respect thereof upon the occurrence of an event of default under the secured obligations and to act as specified in the Intercreditor Agreement. The Shared Collateral may be released or reduced in the event of certain asset sales and certain other circumstances. In addition, we and each subsidiary guarantor pledgor may in the future incur additional permitted pari passu secured indebtedness which would be secured by the Shared Collateral on a *pari passu* basis with the Convertible Bonds, the 2014 Notes, the 2017 Notes and the 2015 Notes and the subsidiary guarantees provided by the subsidiary guarantor pledgors relating to these securities, subject to the Intercreditor Agreement.

Interest

The 2015 Notes bear an interest rate of 10.500% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the 2015 Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;

- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of default

The 2015 Indenture contains certain customary events of default, including default in the payment of principal or of any premium on the 2015 Notes when such payments become due, default in payment of interest which continues for 30 days, and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing for a period of 30 consecutive days, the trustee under the 2015 Indenture or the holders of at least 25% of the outstanding 2015 Notes may declare the principal of the 2015 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Change of control

Upon the occurrence of certain events of change of control and a rating decline, we will make an offer to repurchase all outstanding 2015 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to the repurchase date.

Maturity and redemption

The maturity date of the 2015 Notes is August 11, 2015.

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

At any time prior to August 11, 2013, we may redeem up to 35% of the aggregate principal amount of the 2015 Notes at a redemption price equal to 110.500% of the principal amount of the 2015 Notes, plus any accrued and unpaid interest with the proceeds from sales of certain kinds of the Company's capital stock, *provided that* at least 65% of the aggregate principal amount of the 2015 Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days of the related sale of the Company's capital stock and subject to certain conditions.

Additionally, if we or a 2015 Subsidiary Guarantor under the 2015 Indenture would become obligated to pay certain additional amounts as a result of certain changes in specified tax law, we may redeem the 2015 Notes at a redemption price equal to 100% of the principal amount of the 2015 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

Term loans

The Bank of East Asia, Limited facility

On July 9, 2009, we signed a facility letter with The Bank of East Asia, Limited ("**BEA**"). The loan facility is a Hong Kong dollar denominated term loan facility with an aggregate principal amount of up to HK$200.0 million (the "**BEA Loan**"). The BEA Loan has a one lump sum drawdown within seven business days from July 9, 2009.

We may not prepay within the first six months from July 9, 2009 but may prepay with accrued interest on the amount prepaid subject to five business days' prior written notice of prepayment to BEA, specifying the amount to be prepaid and the date of such prepayment.

On August 3, 2010, we entered into a letter agreement with BEA pursuant to which, in consideration for our agreement to pay BEA an extension fee of HK$2.0 million, the maturity date of the BEA Loan was extended by one year from July 9, 2010 to July 14, 2011, and the interest rate of the loan was reduced from 3.0% over HIBOR to 2.9% over HIBOR, per annum. As of December 31, 2010, HK$200.0 million in principal amount was outstanding under this facility.

Interest

The BEA Loan, as amended, bears interest at the rate of 2.9% per annum over HIBOR on the first day of each interest period for an interest period, which may be one, two or three months as selected by us. Any overdue amount under the BEA Loan will be subject to a penalty interest accruing from the due date up to the date of actual payment at a rate of 5% per annum over the applicable interest rates on the BEA Loan.

Covenants

Pursuant to the BEA Loan, as amended, we agreed to the following financial covenants:

- our consolidated tangible net worth will not be less than RMB17,000.0 million;
- our consolidated net borrowings will not exceed 75% of our consolidated tangible net worth;
- we will maintain a 100% beneficial ownership in Foshan Shunde Country Garden Property Development Co., Ltd; and
- we will maintain interest coverage ratio of no less than 3.0 times.

We have further agreed, among other things that:

- Ms. Yang Huiyan will remain as our single largest direct or indirect shareholder;
- Mr. Yeung Kwok Keung will remain as our chairman; and
- we maintain our listing on the Hong Kong Stock Exchange.

Events of default

The BEA Loan contains certain customary events of default, including nonpayment of principal or interest, cross default, insolvency and breaches of the terms of the BEA Loan. If an event of default has occurred, BEA may, without prior notice to us demand immediate payment or repayment of all amounts outstanding including all interest accrued thereon.

Chinese Mercantile Bank loan

On August 14, 2009, we entered into a facility agreement with Chinese Mercantile Bank ("CMB"). The loan facility is a Hong Kong dollar denominated term loan facility with an aggregate principal amount of up to HK$200.0 million (the "CMB Loan"). As of December 31, 2010, HK$200.0 million in principal amount was outstanding under this facility.

The CMB Loan has a final maturity date of February 14, 2011. We are in discussions with CMB for the extension of the CMB Loan for another nine months, which has been preliminarily approved by CMB subject to the execution of formal documentation.

Interest

The CMB Loan bears interest at the rate of 2.5% per annum over HIBOR, which is renewed semi-annually and payable on a quarterly basis.

Guarantee and security

Our obligations under the CMB Loan is guaranteed by Zengcheng Country Garden Property Development Co., Ltd. ("Zengcheng Country Garden"), our wholly-owned subsidiary. Zengcheng Country Garden is required, under the guarantee agreement, to make a cash dividend of HK$100 million or equivalent amount of foreign currency to be deposited into our bank account maintained with an offshore branch of CMB. CMB is allowed to apply such deposit as partial repayment of the CMB Loan.

Covenants

Pursuant to the CMB Loan, we agreed to the following financial covenants:

- the Company will not repay any of our shareholders loans before the principal amount of and accrued interest on the CMB loan has been fully paid;

- the Company will not sell, transfer or dispose of 10% or more of its assets without giving prior notice to CMB;

- CMB may, upon giving prior written notice, require us to repay, in part or in full, the principal amount of and accrued interest on the CMB Loan;

- the Company will maintain an aggregate amount of not less than RMB100.0 million in our CMB bank account at each month's end, which is subject to CMB's quarterly inspection; and

- dividend distributions from our related parties (including subsidiaries) shall be first applied to repay the CMB Loan on its scheduled repayment date.

Events of default

The CMB Loan contains certain customary events of default, including nonpayment of principal or interest, cross default, insolvency and breaches of the terms of the CMB Loan. If an event of default has occurred, CMB may, without prior notice to us, demand immediate payment and/or repayment of all amounts outstanding including all interest accrued thereon.

Trust Financings

Heshan Country Garden

On December 9, 2009, our wholly owned subsidiaries, Heshan Country Garden Property Development Co., Ltd. ("Heshan Country Garden") and Dongguan Country Garden Property Development Co., Ltd. ("Dongguan Country Garden"), entered into a trust financing arrangement with Chongqing International Trust Co., Ltd pursuant to which Heshan Country Garden agreed to sell the right to receive dividends on the shares of Dongguan Country Garden to repurchase such rights after a period of 18 months (the "Heshan Trust Financing"). Under the Heshan Trust Financing, Chongqing International Trust Co., Ltd paid already a consideration of RMB300,000,000 (the "Heshan Financed Amount") to Heshan Country Garden for the right to receive dividends on ordinary shares representing a 50% ownership interest in Dongguan Country Garden. Heshan Country Garden agrees that any dividends paid during the term of the Heshan Trust Financing on such ordinary shares will be applied first to satisfy the quarterly installment payments as described below, and Heshan Country Garden is entitled to retain the dividends exceeding the aggregate amount of such installment payments. The Heshan Trust Financing has a term of 18 months, at the end of which we are required to repurchase the right to receive dividends.

Interest

The Heshan Trust Financing bears interest at the rate of 6% per annum and we are required to repay the Heshan Financed Amount plus interest by installments on a quarterly basis. Five days before the expiry of the term of the Heshan Trust Financing we are required to repay the entire Heshan Financed Amount outstanding.

Security

Our obligations under the Heshan Trust Financing are guaranteed by our Company pursuant to a guarantee agreement. Further, as security for the Heshan Trust Financing, Heshan Country Garden pledged its 100% equity interest in Dongguan Country Garden in favor of Chongqing International Trust Co., Ltd, and Dongguan Country Garden agreed to pledge its land use rights to approximately 236,700 sq.m. in Dalang, Dongguan City in favor of Chongqing International Trust Co., Ltd pursuant to a share pledge agreement and a land mortgage agreement, respectively.

Events of default

The Heshan Trust Financing contains customary events of default, including nonpayment of principal or interest and breaches of the terms of the Heshan Trust Financing. If an event of default has occurred, Chongqing International Trust Co., Ltd may, without prior notice, exercise its rights to realize the security held under the share pledge agreement and land mortgage agreement, and demand payments from our Company as guarantor under the guarantee agreement.

Zengcheng Country Garden

On December 9, 2009, our wholly owned subsidiaries, Zengcheng Country Garden Property Development Co., Ltd. ("Zengcheng Country Garden") and Foshan Chancheng Country Garden Property Development Co., Ltd. ("Foshan Chancheng"), entered into a trust financing arrangement with Chongqing International Trust Co., Ltd pursuant to which Zengcheng Country Garden agreed to sell the right to receive dividends on the shares of Foshan Chancheng, and to repurchase such rights after a period of 24 months (the "Zengcheng Trust Financing"). Under the Zengcheng Trust Financing, Chongqing International Trust Co., Ltd paid a consideration of RMB430,000,000 (the "Zengcheng Financed Amount") to Zengcheng Country Garden for the rights to receive dividends on ordinary shares representing a 50% ownership interest in Foshan Chancheng. Zengcheng Country Garden agrees that any dividends paid during the term of the Zengcheng Trust Financing on such ordinary shares will be applied first to satisfy the quarterly installment payments as described below, and Zengcheng Country Garden is entitled to retain the dividends exceeding the aggregate amount of such installment payments. The Zengcheng Trust Financing has a term of 24 months, at the end of which we are required to repurchase the right to receive dividends.

Interest

The Zengcheng Trust Financing bears interest at the rate of 6% per annum and we are required to repay the Zengcheng Financed Amount plus interest by installments on a quarterly basis. Five days before the expiry of the term of the Zengcheng Trust Financing, we are required to repay the entire Zengcheng Financed Amount outstanding.

Security

Our obligations under the Zengcheng Trust Financing are guaranteed by our Company pursuant to a guarantee agreement. Further, as security for the Zengcheng Trust Financing, Zengcheng Country Garden pledged its 100% equity interest in Foshan Chancheng in favor of Chongqing International Trust Co., Ltd, and Foshan Chancheng agreed to pledge its land use rights to approximately 96,800 sq.m. in Chancheng, Foshan City in favor of Chongqing International Trust Co., Ltd pursuant to a share pledge agreement and a land mortgage agreement, respectively.

Events of default

The Zengcheng Trust Financing contains customary events of default, including nonpayment of principal or interest and breaches of the terms of the Zengcheng Trust Financing. If an event of default has occurred, Chongqing International Trust Co., Ltd may, without prior notice, exercise its rights to realize the security held under the share pledge agreement and land mortgage agreement, and demand payments from our Company as guarantor under the guarantee agreement.