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

Risk factors

Risks relating to our business

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, 2009, we had developed or were developing 36 projects in Guangdong Province and 29 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 30,245,429 sq.m. and 25,086,777 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 Property, 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 experienced rapid growth 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 the 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 would 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 further adverse development in the market condition of the property market in the PRC could have a material adverse effect on our business, financial condition and results of operations.

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 have had a negative impact on the PRC economy, which in turn has affected the PRC property market. For example:

- the slowdown in economic growth and tightened credit have resulted in a lower demand for residential and commercial properties and declining property prices;

- the slowdown in economic growth has adversely impacted home owners and potential property purchasers, which may lead to a further decline in the general demand for property products and a further erosion of their selling prices; and

- the tightening of credit has negatively impacted the ability of property developers and potential property purchasers to obtain financings.

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 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. However, the stimulus measures adopted by the PRC government since the second half of 2008 are expected to be revised or terminated according to changes in market conditions. For example, in December 2009 and January 2010, the PRC government adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities. The termination of any of the stimulus measures of the PRC government could cause the demand for, and the prices of, properties in the PRC to decline significantly, and could constrain our ability to obtain necessary financing for our operations, thereby causing a material adverse effect on our business, financial condition, results of operations and prospects. 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."

Increasing competition in the PRC, particularly in Guangdong Province, may adversely affect our business and financial condition

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 national and regional property developers and overseas 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 in the PRC for land, financing, raw materials and skilled management and labor resources may result in increased cost for 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 property developments primarily through a combination of internal funding, borrowings from banks, capital markets financing (such as our initial public offering in April 2007 (the "IPO"), the offering of 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 and the offering of US$375 million 11.750% senior notes due 2014 which were issued in September 2009 (the "2014 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, 2009, we had RMB17,769.6 million of outstanding borrowings (including the Convertible Bonds and the 2014 Notes), of which RMB3,250.7 million were short-term borrowings. Our total interest expense on bank borrowings, the Convertible Bonds and the 2014 Notes for the years ended December 31, 2007, 2008 and 2009 was RMB283.6 million, RMB832.3 million and RMB1,124.7 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.

The PBOC issued the Circular 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) on June 5, 2003 to specify the requirements for banks providing loans for the purposes of property development. These requirements include:

- that property loans by commercial banks to real estate enterprises may be granted only as property development loans and it is strictly forbidden to extend such loans as current capital loans for property development projects or other purposes. No lending of any type shall be granted to enterprises which have not obtained the relevant land use rights certificates, construction land permits, construction planning permit and construction work permits; and

- that commercial banks may not grant loans to property developers to finance land premium payments.

In addition, PBOC has raised the benchmark one-year lending rate several times between 2004 and 2008. The 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 the PBOC against deposits made by their customers. The increases in the bank reserve requirement ratio may negatively impact the amount of funds available to lend to businesses, including us, by commercial banks in China. Since the commencement of the global economic slowdown in the second half of 2008, the PRC government has adopted measures intended to stimulate economic development, including lowering benchmark lending rates and the reserve requirement ratio for commercial banks. However, the PBOC again increased the reserve requirement ratio on January 18, 2010 and February 25, 2010 in order to control the growth of the PRC economy. We cannot assure you that PBOC will not raise lending rates or reserve requirement ratios in the future, or that our business, financial condition and results of operations will 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 on land premium to 50% of the total premium and requires 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 the minimum price for land transfer to be equal to at least 70% of the benchmark price for land in the surrounding locality and the bidding deposit to be equal to at least 20% of the applicable minimum land transfer price. Additionally, a land grant contract is required to be entered into within 10 working days after the land grant deal is closed and the down payment of 50% of the land premium (taking into account any deposits previously paid) is to be paid within one month of signing the land grant contract, with the remaining to be paid in full within one year of the date of the land grant contract in accordance with provisions of such land grant 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 of benchmark lending rates has led to higher interest rates for mortgage loans, which may depress the 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 our 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 go through these processes before we can acquire the land use rights to the desirable sites from the government, which may result in higher land premiums than those we paid in the past. 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 and 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 of these initiatives requires the local governments, when approving new residential projects after June 1, 2006, to ensure that 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; and

- in an announcement made on May 30, 2006, the Ministry of Land and Resources (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.

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 usage 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 our development or increase land acquisition cost significantly, which may have a material adverse effect on our business, financial condition and results of operations.

Our land may be forfeited by 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 the developments 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 for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on us and impose an idle land fee on the land of up to 20.0% of the land premium. If we fail to commence development for more than 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 the drafting of 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 flats 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 (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, 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, the land will be treated as idle land and the property developer may be restricted or prevented from participating in future land bidding. This notice also calls for control over supply of large land parcels and states that the development period of an individual parcel of land in principal should not exceed three years. Detailed rules for these notices have yet to be promulgated. We cannot assure you that circumstances leading to forfeiture of land or delays in the completion of a property development may not arise in the future. If we are required to forfeit land, to pay idle land fee, 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 costs and other costs incurred up to the date of forfeiture, and our business, financial condition and results of operations may be adversely affected.

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, as well as strengthen internal training for, managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy our development needs. As of December 31, 2007, 2008 and 2009, we had approximately 27,839, 29,068 and 29,514 full-time employees respectively. In order to fund our ongoing operations and our 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. We have not entered into any formal shareholders agreement in relation to the Asian Games JV. 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;

- delays in agreements or disagreements between the joint venture partners in particular in respect of timetable, development plans, management and project execution and other corporate matters;

- delays in obtaining necessary financing or such financing not being able to be obtained on acceptable terms or in a timely manner if 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 interferences, 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 will make significant capital contributions to the Asian Games Project that may not be offset by revenues or other benefits from such project. We will also likely be required to provide credit support (such as guarantees) to financing to be 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.

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, one autonomous region 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 level of economic development, 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 the 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 of the PRC 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 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 and commence development on the land. This regulation became effective on November 1, 2007. As a result, property developers are not 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, which was the practice in many Chinese cities. On November 18, 2009, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the PRC Ministry of Supervision and 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 on land premiums to 50% of the total premium and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. On March 8, 2010, the Ministry of Land and Resources 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 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 the land premium is to be paid in full within one year of the date of the land grant contract. 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 as a result of 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 to acquire certain parcels of land for which we have not yet obtained land use rights certificates. As of February 28, 2010, these parcels of land occupied an aggregate site area of approximately 13,559,505 sq.m. with an aggregate expected GFA of approximately 16,015,231 sq.m. for future development. In addition, we and certain other property developers signed a land grant contract on December 22, 2009 to acquire the Asian Games Property with an estimated site area of approximately 2,639,520 sq.m., in respect of which the Asian Games JV has not obtained the land use rights certificate. If we fail to obtain the land use rights certificates with respect to 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 processes 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. In addition, 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 19 of our subsidiaries are currently overdue primarily due to tightened credit and foreign exchange control as a result of the global economic slowdown commencing in the second half of 2008. Sixteen of these 19 companies are in the process of applying for an extension to make such capital contributions, two of these 19 companies are in the process of dissolution; one of these 19 companies is in the process of applying for a decrease in registered capital.

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 will 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 comprise 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, construction 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 construction 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 supplies of principal construction materials such as steel and cement of our property development projects 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 the 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 carry out property development business 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 once 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 inappropriate 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 application for renewal of the qualification certificate 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 13 newly established project companies and seven project companies, which are in the process of applying for extension or alteration of their respective certificates. None of the 13 new project companies have commenced property development.

In addition, we have other non-property development related subsidiaries which also require qualification certificates before they could 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 of properties to be completed or sales of completed properties. 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, or the failure of, the completion of 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, in the first half of a year are often lower 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 time as stated in the pre-sale contracts, purchasers of pre-sold units have the right to claim damages under the pre-sale contracts. 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, the PBOC recommended in a report entitled "2004 Real Estate Financing Report" that the practice of pre-selling uncompleted properties be discontinued, on the ground 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 commodity housing presale 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. While the recommendation has not been adopted by any PRC governmental authority and has no mandatory effect, we cannot assure you that the PRC governmental authority will not ban or impose material limitations on the practice of pre-selling of uncompleted properties in the future. Future implementation of any restrictions on our ability to pre-sell our properties, including any requirements to increase the amount of up-front expenditure we must incur prior to obtaining the pre-sale permit, would extend the time required for recovery of our capital outlay and would force us 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.

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

A majority of 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, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely impacting the affordability of residential properties. Under PRC law, monthly mortgage payments are limited to 50% of an individual borrower's monthly income. In addition, to curtail the overheating of the property sector, between 2006 and 2008, the PRC government implemented, among other things, regulations that increased the down payment requirement for mortgage loans in respect of residential and commercial properties. Beginning in the second half of 2008, in order to combat the impact of the global economic slowdown, 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 ratio of residential properties was lowered to 20%. However, to control the growth in the PRC property market following the adoption of the stimulus package, the General Office of the State Council on January 7, 2010 issued the Circular on Accelerating the Stable and Smooth Development of Real Estate Market (關於促進房地產市場平穩健康發展的通知), which provides that the down payment for the second residential property financed by bank loans shall not be less than 40% of the purchase price. We cannot assure you that the PRC government and commercial backs 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 from time to time will not adversely affect our business, financial condition and results of operations.

For more information about policies adopted by the PRC government with related to property financing, see "Regulation—Legal supervision relating to property sector in the PRC—Property Financing."

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 will be 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 and 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 short-term 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 long-term guarantees for the mortgage loans of some of our customers which are discharged two years from the day the mortgaged 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 and note 35 to our consolidated financial statements for the year ended December 31, 2009.

Although we have historically experienced a low rate of default on mortgage loans guaranteed by us, there is no assurance that the purchaser 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 (including the Asian Games JV) in connection with our property development plans. In certain circumstances, our existing joint venture entities have relied on financial support from us, and we expect they will continue to do so. In addition, in accordance with PRC law, certain matters relating to a joint venture 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 that are inconsistent with ours;
- take actions contrary to our instructions or requests or contrary to 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 take out 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 any 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, 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 our representations and warranties made to such earlier purchasers. 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

Apart from providing construction services to us, our construction company, Giant Leap Construction Co., is also responsible for the implementation of construction projects for other companies. It 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 that was pending or threatened by or against us. However, we cannot assure 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 after delivery of the properties unless otherwise specified in the relevant sale and purchase agreement. Property developers, including us, generally elect to specify the deadline for the application of 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 after the receipt of the completion and acceptance certificate for the relevant properties and apply for the general property ownership certificate in respect of 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 of 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 of the individual property ownership certificates on behalf of our customers in the years ended December 31, 2007, 2008 and 2009. However, we cannot assure you that we will not become liable to purchasers in the future for the late application of the individual property ownership certificates on behalf of our customers due to our own fault or for any other 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 name recognition in the property market and as an integral component of our overall marketing strategy for our residential projects.

Our hotels currently are 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 may consider engaging, and are currently in discussions with, certain international management firms to manage some of our hotels in order to further enhance the value of our hotel properties. We have no prior experience cooperating with hotel management companies. We and the hotel management companies, if any are engaged, may have disagreements on how the hotels should be managed and other matters. 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 the value of our properties.

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 with 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 developments 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 such 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 required by the local tax authorities. For each of the three years ended December 31, 2007, 2008 and 2009, our LAT expense was RMB1,155.4 million, RMB875.9 million and RMB275.4 million, respectively. As of December 31, 2009, our LAT provision balance was RMB1,327.3 million. Although we believe we 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稅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 one 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.

Local provincial tax authorities can formulate their own implementation rules according to the notice and local situations and there are uncertainties how they will enforce this notice. In the event that the implementation rules promulgated in the cities in which our projects are located require us to settle all the 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 in development schedules, may cause us to incur substantial compliance and other costs and may prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

The PRC environmental regulations provide that each project developed by a property developer is required to undergo an environmental assessment, and an environmental impact assessment report is required to be submitted to the relevant government authorities for approval before commencement of construction. If we fail to comply with such requirements, the local environmental authority may order to suspend construction of the project until the 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 residential property projects and one hotel project under construction for which we have not completed the environmental assessment procedures. Although we are currently working on completing 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 to be included in a property development to pass the 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 such requirement, the local environmental authorities may order to suspend construction or use of such 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 five of our residential property projects and one of our hotel projects. We cannot assure you that we can 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 to resolve 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 the overall project planning, property management, and business management. Our president and executive director, Cui Jianbo, has extensive executive management experience. 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, including notably 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 a paid vacation ranging from five to 15 days, depending on their length of service. Employees who waive such vacation time at the request of employers shall be compensated at three times their normal salaries for each waived vacation day. 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 59.33% of our company as of March 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 the building ownership certificates of 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 are 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 the 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 the 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 like ourselves).

We hold our shareholders' meetings and 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 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 the investment in offshore special purpose companies by PRC residents may subject our shareholders that are PRC residents 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

The 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 the 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 the 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 the 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 and 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 required by these rules 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 into 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 the 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 the 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 the MOFCOM or fail to pass the annual inspection.

In June 2008, to strengthen regulation of foreign-invested real estate enterprises, the 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 undertakes only one approved property project. Further, on August 29, 2008, the 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.

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 the 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 the NDRC and the 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 raised in our business in the PRC

On July 10, 2007, the 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 the 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 the 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 the 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 the 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 the 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 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 been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuation in property prices. It is extremely difficult to predict 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.

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

Beginning in the second half of 2008, in order to combat the impact of the global economic slowdown, the PRC government adopted measures to encourage domestic consumption in the residential property market and support property development. These policies may not necessarily have a positive effect on our operations and our future business development; and the PRC government is expected to revise or terminate such favorable policies according to changes in market conditions. For example, in December 2009 and January 2010, the PRC government adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities. In December 2009, the PRC government abolished certain preferential treatment relating to business taxes payable upon transfers of residential properties by property owners. In January 2010, the PRC government imposed more stringent requirements on the payment of land premium by property developers by requiring purchasers who have already purchased a residence through mortgage financing to pay a minimum down payment of 40% of the purchase price for any additional residences. 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.

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

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. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us or otherwise satisfy their foreign currency denominated or settled obligations, such as the Convertible Bonds and the 2014 Notes. 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 the 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 and the 2014 Notes.

The PRC legal system has inherent uncertainties that would 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 exists 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 shareholder 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, 2009. Except as otherwise disclosed herein, there has been no material change in our capitalization since December 31, 2009.

(in millions)	As of December 31, 2009 Actual	
	RMB	US$
Cash and cash equivalents[1]	4,608.7	675.2
Short-term borrowings[2][3]		
Bank borrowings-secured	2,008.1	294.2
Bank borrowings-unsecured	1,242.6	182.0
Total short-term borrowings	3,250.7	476.2
Long-term borrowings[3][4][5]		
Bank borrowings-secured	6,099.7	893.6
Bank borrowings-unsecured	1,538.3	225.4
Convertible Bonds[6]	4,278.5	626.7
2014 Notes	2,602.4	381.3
Total long-term borrowings	14,518.9	2,127.0
Capital and reserves attributable to the equity owners		
Issued capital (HK$0.1 par value per share, 16,451,419,578 shares issued and fully paid)	1,625.8	238.2
Share premium	13,299.8	1,948.4
Reserves[6]	668.4	98.0
Equity component of Convertible Bonds	424.8	62.2
Retained earnings	4,910.0	719.3
Total capital and reserves attributable to the equity owners	20,928.8	3,066.1
Total capitalization[7]	38,698.4	5,669.3

Notes:

(1) Cash and cash equivalents exclude restricted cash of RMB3,815.3 million (US$558.9 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) As of December 31, 2009, our consolidated capital commitments were RMB16,304.9 million (US$2,388.7 million) and our contingent liabilities, all 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 RMB13,540.3 million (US$1,983.7 million). See "Management's discussion and analysis of financial conditions and results of operations—Liquidity and capital resources—Contingent liabilities" and "—Capital commitments."

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

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

(7) 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, 2007, 2008 and 2009 is derived from our audited consolidated financial statements for those years and as of the dates indicated.

The financial information has been prepared and presented in accordance with HKFRS, which differ in certain material respects from U.S. GAAP. For a discussion 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 thereto.

Selected consolidated income statement information

	For the year ended December 31,			
(in millions, except percentages)	**2007**	**2008**	**2009**	**2009**
	(RMB)	**(RMB)**	**(RMB)**	**(US$)**
Revenue	17,735.0	15,712.8	17,585.7	2,576.3
Cost of sales	(9,560.9)	(8,687.2)	(12,935.6)	(1,895.1)
Gross profit	8,174.1	7,025.6	4,650.1	681.2
Other gains—net	34.6	51.2	188.7	27.7
Selling and marketing costs	(310.8)	(528.9)	(324.6)	(47.6)
Administrative expenses	(933.2)	(1,046.0)	(855.6)	(125.3)
Operating profit	6,964.7	5,501.9	3,658.6	536.0
Finance income	425.4	74.7	70.5	10.3
Finance costs	(579.2)	(1,073.8)	(722.4)	(105.8)
Finance costs—net	(153.8)	(999.1)	(651.9)	(95.5)
Fair value changes on derivative financial instruments	-	(1,241.5)	251.4	36.8
Profit before income tax	6,810.9	3,261.3	3,258.1	477.3
Income tax expenses	(2,607.2)	(1,846.3)	(1,132.4)	(165.9)
Profit for the year	4,203.7	1,415.0	2,125.7	311.4
Attributable to:				
Equity owners	4,135.9	1,378.2	2,079.8	304.7
Minority interests	67.8	36.8	45.9	6.7
	4,203.7	1,415.0	2,125.7	311.4
Dividends	2,070.0	490.8	740.3	108.5
Other Financial Data				
EBITDA(1)	7,307.3	5,666.8	4,137.4	606.1
EBITDA Margin(2)	41.2%	36.1%	23.5%	23.5%

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/period under HKFRS to our definition of EBITDA.

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

Selected consolidated balance sheet information

(in millions)	As of December 31, 2007	2008	2009	2009
	(RMB)	(RMB)	(RMB)	(US$)
ASSETS				
Non-current assets				
Property, plant and equipment	1,621.7	2,842.0	3,878.4	568.2
Investment property	-	148.9	141.2	20.7
Intangible assets	4.0	13.3	13.4	2.0
Land use rights	8,196.1	7,596.8	10,058.6	1,473.5
Available-for-sale financial assets	20.0	30.0	-	-
Properties under development	3,690.6	3,949.3	3,945.3	578.0
Deferred income tax assets	556.1	1,092.4	964.3	141.3
Other assets	-	-	2,040.0	298.9
	14,088.5	15,672.7	21,041.2	3,082.6
Current assets				
Land use rights	1,914.1	6,042.4	6,145.5	900.3
Properties under development	5,382.7	14,992.2	15,024.3	2,201.0
Completed properties held for sale	1,636.4	3,205.4	4,165.7	610.3
Inventories	102.8	154.3	329.4	48.3
Trade and other receivables	5,262.9	3,338.6	7,058.5	1,034.1
Prepaid taxes	749.7	974.9	1,509.9	221.2
Restricted cash	1,013.5	2,728.1	3,815.3	558.9
Cash and cash equivalents	8,483.4	3,006.5	4,608.7	675.2
	24,545.5	34,442.4	42,657.3	6,249.3
Total assets	38,634.0	50,115.1	63,698.5	9,331.9
EQUITY				
Capital and reserves attributable to the equity owners				
Share capital and premium	14,989.6	14,686.6	14,925.6	2,186.6
Reserves	278.8	859.8	1,093.2	160.2
Retained earnings	3,889.8	3,554.4	4,910.0	719.3
	19,158.2	19,100.8	20,928.8	3,066.1
Minority interests	240.9	279.9	370.9	54.3
Total equity	19,399.1	19,380.7	21,299.7	3,120.4
LIABILITIES				
Non-current liabilities				
Bank borrowings	4,227.4	5,003.3	7,638.0	1,119.0
Convertible Bonds	-	4,018.5	4,278.5	626.7
2014 Notes	-	-	2,602.4	381.3
Deferred government grants	-	-	107.8	15.8
Derivative financial instruments	-	1,241.5	990.1	145.1
Deferred income tax liabilities	166.8	339.2	383.4	56.2
	4,394.2	10,602.5	16,000.2	2,344.1
Current liabilities				
Advanced proceeds received from customers	7,168.7	9,113.6	14,039.7	2,056.9
Trade and other payables	2,619.7	5,485.6	6,563.2	961.5
Income taxes payable	2,287.9	2,709.6	2,545.0	372.8
Bank borrowings	2,764.4	2,823.1	3,250.7	476.2
	14,840.7	20,131.9	26,398.6	3,867.4
Total liabilities	19,234.9	30,734.4	42,398.8	6,211.5
Total equity and liabilities	38,634.0	50,115.1	63,698.5	9,331.9
Net current assets	9,704.8	14,310.5	16,258.7	2,381.9
Total assets less current liabilities	23,793.3	29,983.2	37,299.9	5,464.5

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, which differ in certain material respects from U.S. GAAP. See "Summary of certain differences between HKFRS and U.S. GAAP."

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 "2007," "2008" and "2009" are to our financial years ended December 31, 2007, 2008 and 2009, 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 owner-occupier 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. While the local residents in China constitute our core customer base, we have also generated demand from residents in Hong Kong and Macau.

As of December 31, 2009, we had 65 projects at various stages of development. Of these projects, 36 were located in Guangdong Province: 10 in Guangzhou City, six in Foshan City, seven in Jiangmen City and the remaining in other cities including Yangjiang City, Shaoguan City, Zhaoqing City, Huizhou City, Shanwei City, Maoming City and Qingyuan City. Another 29 projects were located outside Guangdong Province, spanning six provinces, one autonomous region and two provincial level municipalities.

As of December 31, 2009, our projects had an aggregate completed GFA of approximately 15,851,642 sq.m. We had an aggregate GFA under development of approximately 13,896,617 sq.m. and an aggregate GFA of approximately 25,583,947 sq.m. relating to properties held for future development as of the same date. In addition, as of December 31, 2009, we had entered into land grant contracts in respect of land located in 19 cities with an aggregate site area of approximately 12,617,099 sq.m. and an aggregate expected GFA of approximately 15,395,541 sq.m. for future development.

On December 22, 2009, we and two other major property developers in the PRC signed a land grant contract with the PRC government to acquire certain parcels of land located in the Panyu District of Guangzhou City. The land 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. The development of this Asian Games Project will be implemented 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.

We also 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 such residential projects and enhanced our brand recognition. We have developed and are currently operating four five-star hotels and one four-star hotel, as well as seven hotels which have been 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 eight 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,					
	2007		2008		2009	
	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	16,666,941	94.0	14,736,509	93.8	16,544,904	94.1
Construction and decoration	631,103	3.6	408,465	2.6	377,240	2.1
Property management	221,662	1.2	293,295	1.9	349,276	2.0
Hotel operation	215,305	1.2	274,521	1.7	314,284	1.8
Total	17,735,011	100.0	15,712,790	100.0	17,585,704	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 collectibility of related receivables reasonably assured. For each of the years ended December 31, 2007, 2008 and 2009 we recognized revenue of RMB16,666.9 million, RMB14,736.5 million and RMB16,544.9 million in connection with the delivery of aggregate GFA of 2,611,315 sq.m. 2,147,592 sq.m. and 3,488,786 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. For each of the three years ended December 31, 2007, 2008 and 2009, our construction and decoration segment generated revenue of RMB631.1 million, RMB408.5 million and RMB377.2 million, respectively; our property management segment generated revenue of RMB221.7 million, RMB293.3 million and RMB349.3 million, respectively; and our hotel operation segment generated revenue of RMB215.3 million, RMB274.5 million and RMB314.3 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,					
	2007		2008		2009	
	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)	%	(RMB in thousands)	%
Property development	8,704,899	91.0	7,810,404	89.9	12,051,926	93.2
Construction and decoration	450,371	4.7	326,772	3.8	301,792	2.3
Property management	208,039	2.2	272,764	3.1	259,309	2.0
Hotel operation	197,581	2.1	277,266	3.2	322,583	2.5
Total	9,560,890	100.0	8,687,206	100.0	12,935,610	100.0

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,					
	2007		2008		2009	
	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)	%	(RMB in thousands)	%
Construction, decoration and design costs	6,837,739	78.6	6,342,880	81.2	9,510,656	78.9
Land use rights cost	1,006,477	11.6	703,794	9.0	1,678,899	13.9
Business taxes and levies	860,683	9.8	763,730	9.8	862,371	7.2
Total	8,704,899	100.0	7,810,404	100.0	12,051,926	100.0

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, 2007, 2008 and 2009, 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").

In July 2002, the PRC government established new rules to determine the purchase price of all granted land through a competitive process. See "—Key factors affecting our performance—Ability to acquire suitable land" below.

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.

Business Taxes. Our PRC subsidiaries are subject to local business taxes. The effective tax rate for each of our property development, construction and decoration, property management and hotel operation businesses as of December 31, 2009 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.

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 and the Convertible Bonds. Our finance costs are charged to our consolidated income statements in the accounting period in which they are incurred. Prior to January 1, 2009, our borrowing costs were charged to the consolidated income statement in the accounting period in which they were incurred in accordance with Hong Kong Accounting Standard ("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 a cash settled equity swap. We entered into the Equity Swap with Merrill Lynch International on February 15, 2008 for our shares having a value of US$250.0 million at such time. This Equity Swap became effective concurrently with the offering of our Convertible Bonds on February 22, 2008. Upon termination of the Equity Swap at its scheduled maturity in 2013, if the final price 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 of the Equity Swap. The final price is an amount in H.K. dollars determined by reference to the arithmetic mean of the relevant prices of our shares on specified averaging dates determined in the manner set out in the confirmation of the Equity Swap. 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.

The Equity Swap can also be terminated in other circumstances, including an optional early termination upon the exercise by a holder of Convertible Bonds of its conversion right or put option right or upon the Convertible Bonds becoming repayable prior to their maturity date other than by reason of an exercise of the put option right or conversion right. The amount of any such optional early termination cannot exceed a specified maximum amount of the Equity Swap based upon the portion of bonds subject to the event that triggers such termination.

Upon the effectiveness of the Equity Swap we transferred cash collateral of US$250.0 million by way of an outright transfer 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.

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 for the year ended December 31, 2009 as a result of an increase in our share price during such year.

Income tax expenses

Enterprise Income Tax. Income tax expense represents PRC enterprise income tax accrued by our operating subsidiaries and starting from fiscal year 2007, 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.

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 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 income statement 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—(c) 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 according to the notice and local situations. 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 income statement for the year ended December 31, 2007.

Our LAT expense for 2007, 2008 and 2009 was RMB1,155.4 million, RMB875.9 million and RMB275.4 million, respectively. Our LAT provision balance as of December 31, 2009 was RMB1,327.3 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.

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 38.3% in 2007, 56.6% in 2008 and 34.8% in 2009. The significant increase in the effective income tax rate in 2008 was primarily due to the fair value loss on the Equity Swap which is not tax deductible.

Minority interests

Minority 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, 2007, 2008 and 2009.

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. It is expected that these favorable policies will be 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. In January 2008, the PRC government also reiterated its policies for regulating land use and land supply, including prohibiting the use of land supply for villa projects and requiring at least 70% of the total land grant for residential development to consist of various types of low-income housing specified in the regulations and units of less than 90 sq.m. in size. See "Regulation—Legal supervision relating to property sector in the PRC—Development of a property project—(b) Property project development." Since 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, the stimulus measures adopted by the PRC government since the second half of 2008 are expected to be revised or terminated according to changes in market conditions. For example, in December 2009 and January 2010, the PRC government adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities. In December 2009, the PRC government abolished certain preferential treatment relating to business taxes payable upon transfers of residential properties by property owners. In January 2010, the PRC government imposed more stringent requirements on the payment of land premium by property developers. PRC regulatory measures in the property industry will continue to impact our business and results of operations by requiring purchasers who have already purchased a residence through mortgage financing to pay a minimum down payment of 40% of the purchase price for any additional residences. See "Regulation—Legal supervision relating to property sector in the PRC." See "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 the 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

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 two to four 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, 2007, 2008 and 2009, our outstanding bank borrowings amounted to RMB6,991.8 million, RMB7,826.3 million, and RMB10,888.7 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 offering of the Convertible Bonds in February 2008 and the offering of the 2014 Notes in September 2009, which give us a longer maturity term but bear higher interest rates than bank borrowings.

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. While we use centralized procurement to lower our purchase costs, 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 and larger apartments have commanded higher selling prices and gross profit margins than smaller 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 and larger apartments. 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 smaller 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 such strategies, our profit margins may decline as the proportion of our sales comprising smaller 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 income statements for each of the three years ended December 31, 2007, 2008 and 2009 was RMB1,155.4 million, RMB875.9 million and RMB275.4 million, respectively. As of December 31, 2009, our LAT provision on our balance sheets was RMB1,327.3 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. As the PRC government continues to encourage the development of affordable housing and generally imposes higher plot ratios on newly acquired land, we expect that our LAT expenses on a per sq.m. basis in the coming years will be lower than prior years as the proportion of our revenue attributable to sales of apartments is expected to be higher than prior years.

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 in addition 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, 2009 included herein.

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 collectibility 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 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" 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."

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.

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.

Results of operations

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

Summary consolidated income statement information

(in millions, except percentages)	For the year ended December 31, 2007	2008	2009	2009
	(RMB)	(RMB)	(RMB)	(US$)
Revenue	17,735.0	15,712.8	17,585.7	2,576.3
Cost of sales	(9,560.9)	(8,687.2)	(12,935.6)	(1,895.1)
Gross profit	8,174.1	7,025.6	4,650.1	681.2
Other gains—net	34.6	51.2	188.7	27.7
Selling and marketing costs	(310.8)	(528.9)	(324.6)	(47.6)
Administrative expenses	(933.2)	(1,046.0)	(855.6)	(125.3)
Operating profit	6,964.7	5,501.9	3,658.6	536.0
Finance income	425.4	74.7	70.5	10.3
Finance costs	(579.2)	(1,073.8)	(722.4)	(105.8)
Finance costs—net	(153.8)	(999.1)	(651.9)	(95.5)
Fair value changes on derivative financial instruments	-	(1,241.5)	251.4	36.8
Profit before income tax	6,810.9	3,261.3	3,258.1	477.3
Income tax expenses	(2,607.2)	(1,846.3)	(1,132.4)	(165.9)
Profit for the year	4,203.7	1,415.0	2,125.7	311.4
Attributable to:				
Equity owners	4,135.9	1,378.2	2,079.8	304.7
Minority interests	67.8	36.8	45.9	6.7
	4,203.7	1,415.0	2,125.7	311.4
Dividends	2,070.0	490.8	740.3	108.5
Other Financial Data				
EBITDA(1)	7,307.3	5,666.8	4,137.4	606.1
EBITDA Margin(2)	41.2%	36.1%	23.5%	23.5%

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/period under HKFRS to our definition of EBITDA.

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

2009 compared to 2008

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 by 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 attributable 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 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 attributable 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 attributable 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 attributable to the opening of our hotels including Xinhui Country Garden Phoenix Hotel, Zhaoqing Country Garden Phoenix Hotel, Gaoming Country Garden Phoenix Hotel, and Country Garden Phoenix Hot Spring Hotel during the period.

Cost of Sales. Cost of sales increased by 48.9% to RMB12,935.6 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.

Gross Profit. Gross profit decreased by 33.8% to RMB4,650.1 million in 2009 from RMB7,025.6 million in 2008. Our gross profit margin in 2009 decreased to 26.4% 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 rising 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 18.2% to RMB855.6 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.

Finance Costs—net. Finance costs—net decreased by 34.8% to RMB651.9 million in 2009 from RMB999.1 million in 2008, primarily attributable 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. On February 15, 2008, we entered into a cash settled equity swap transaction with Merrill Lynch International for our shares up to a value of US$250.0 million (equivalent to approximately HK$1,950.0 million). See "—Liquidity and capital resources—Restricted cash" for more details. Based on the market price on December 31, 2009, the fair value gain on the Equity Swap increased our profit for the year by 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 38.7% to RMB1,132.4 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 RMB123.4 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. As a result of the above, our effective income tax rate decreased from 56.6% in 2008 to 34.8% in 2009.

Profit for the year. Profit for the year increased by 50.2% to RMB2,125.7 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.

Minority Interests. Profits attributable to minority 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.

2008 compared to 2007

Revenue. Our revenue decreased by 11.4% to RMB15,712.8 million in 2008 from RMB17,735.0 million in 2007, primarily attributable to the decrease in revenue from property development by 11.6% and revenue from construction and decoration by 35.3% compared to 2007.

- Property Development. Revenue generated from property development decreased by 11.6% to RMB14,736.5 million in 2008 from RMB16,666.9 million in 2007, primarily attributable to an 17.8% decrease in total GFA sold to 2,147,592 sq.m. in 2008 from 2,611,315 sq.m. in 2007, partially offset by an increase in the recognized average selling price of property from RMB6,359 per sq.m. in 2007 to RMB6,861 per sq.m. in 2008. In the second half of 2007, we focused on the development of high margin products including townhouses and luxury apartments and pre-sold properties at relatively high selling prices due to the strong market demand then. We recognized revenue from sales of such pre-sold properties in 2008, resulting in a relatively high average selling price of property in 2008.

The following table sets forth the revenue generated from each project and the percentage of the total revenue it represented in 2008 and 2007, respectively.

	Year ended December 31,			
	2008		2007	
Property Development	Revenue	Percentage of Revenue	Revenue	Percentage of Revenue
	RMB'000	%	RMB'000	%
Country Garden Phoenix City	3,339,639	22.8	2,687,226	16.2
Shunde Country Garden (including Country Garden West Court)	1,461,520	9.9	2,396,823	14.4
Wuyi Country Garden	1,395,138	9.5	856,653	5.1
Changsha Country Garden	1,257,091	8.5	1,151,384	6.9
Huanan Country Garden—Phase One to Five and Phase Seven	913,483	6.2	1,031,987	6.2
Heshan Country Garden	757,528	5.1	1,098,721	6.6
Jun'an Country Garden	712,905	4.8	193,679	1.2
Shaoguan Country Garden	707,925	4.8	-	0.0
Zhaoqing Country Garden	705,405	4.8	167,072	1.0
Nansha Country Garden	657,449	4.5	641,528	3.8
Shawan Country Garden	552,152	3.7	944	0.0
Nanhai Country Garden	519,634	3.5	2,128,687	12.8
Gaoming Country Garden	415,599	2.8	58,484	0.4
Yangdong Country Garden	395,479	2.7	679,566	4.1
Taishan Country Garden	263,705	1.8	412,667	2.5
Licheng Country Garden	206,119	1.4	684,328	4.1
Xinhui Country Garden	177,507	1.2	555,888	3.3
Huanan Country Garden—Phase Six	147,990	1.0	604,081	3.6
Holiday Islands—Huadu	50,481	0.3	674,535	4.0
Peninsula Country Garden	-	0.0	637,398	3.8
Others	99,760	0.7	5,290	0.0
Total	14,736,509	100.0	16,666,941	100.0

• Construction and Decoration. Revenue generated from construction and decoration decreased by 35.3% to RMB408.5 million in 2008 from RMB631.1 million in 2007, primarily attributable to a decrease in the volume of construction and decoration services rendered to Qingyuan Country Garden Property Development Co., Ltd., a related party of us. See "Related party transactions—Construction and decoration services" for more details.

• Property Management. Revenue generated from property management increased by 32.3% to RMB293.3 million in 2008 from RMB221.7 million in 2007, primarily attributable to an increase in the cumulative GFA under management resulting from the construction completion and delivery of properties such as Changsha Country Garden, Country Garden Phoenix City and Shunde Country Garden.

• Hotel Operation. Revenue generated from hotel operation increased by 27.5% to RMB274.5 million in 2008 from RMB215.3 million in 2007, primarily attributable to the steady increase in revenues of Yangjiang Country Garden Phoenix Hotel, Changsha Venice Hotel and Taishan Country Garden Phoenix Hotel opening respectively in May, October and December 2007.

Cost of Sales. Cost of sales decreased by 9.1% to RMB8,687.2 million in 2008 from RMB9,560.9 million in 2007, in line with the decrease in the total GFA sold.

Gross Profit. Gross profit decreased by 14.1% to RMB7,025.6 million in 2008 from RMB8,174.1 million in 2007, in line with the decrease in our revenue and primarily attributable to the decrease in the total GFA sold. Our gross profit margin for 2008 decreased to 44.7% from 46.1% in 2007, primarily attributable to the decrease in the gross profit margins of construction and decoration and hotel operation by 9.0%. Our gross profit margin of construction and decoration decreased primarily due to the increase in costs of raw materials in 2008. We opened Changsha Venice Palace Hotel and Taishan Country Garden Phoenix Hotel in October 2007 and November 2007, respectively. At the initial stage, these two hotels generated less profit, resulting in the reduction of our gross profit margin of hotel operation in 2008.

Other Gains-net. Other gains-net increased by 48.0% to RMB51.2 million of gain in 2008 from RMB34.6 million of gain in 2007, primarily due to the return on the equity swap transactions that we entered into in 2008 in connection with the Convertible Bonds.

Selling and Marketing Costs. Selling and marketing costs increased by 70.2% to RMB528.9 million in 2008 from RMB310.8 million in 2007, primarily attributable to heavy publicity of 23 new properties for sale in 2008, as a result of which, our advertisement expenses increased by 51.6% to RMB234.9 million in 2008 from RMB154.9 million in 2007. In addition, pre-sale of new property (including Country Garden Phoenix City (Shenyang), Country Garden-Galaxy Palace and Shenyang Country Garden) in 2008 also gave rise to the higher selling and marketing costs for the year.

Administrative Expenses. Administrative expenses increased by 12.1% to RMB1,046.0 million in 2008 from RMB933.2 million in 2007, primarily attributable to the recruitment of a large number of staff, which had been employed to facilitate our rapid development, in particular, our expansion outside Guangdong Province during the year. Consequently, our salary expense increased substantially by 28.5% to RMB340.2 million in 2008 from RMB264.8 million in 2007. As a result of our expansion, office expense and depreciation expense also increased by 100.8% and 25.1% to RMB28.3 million and RMB40.1 million, respectively. In addition, the land use rights amortization expense increased by 89.1% to RMB160.4 million in 2008 compared to RMB84.8 million 2007 due to the large amount of land bank we held. Our donation to charities for Sichuan Earthquake Relief and others amounted to RMB81.3 million in 2008.

Finance Costs—net. Finance costs-net increased by 549.6% to RMB999.1 million in 2008 from RMB153.8 million in 2007, primarily attributable to the decrease in our interest income from RMB425.4 million in 2007 to RMB74.7 million in 2008. We had interest income of RMB270.0 million in 2007 from the application monies of subscription of our IPO shares in 2007, which was not recurrent in 2008.

In addition, finance costs increased to RMB1,073.8 million in 2008 from RMB579.2 million due to the increase in the total interest expenses resulting from the increased bank loan interest rates during the period between January 1, 2007 and September 15, 2008. Although the bank loan interest rate has decreased gradually since September 16, 2008, our weighted average bank loan interest rate remained high. Moreover, we issued the Convertible Bonds with a principal amount of US$600.0 million (equivalent to approximately RMB4,314.0 million) in the first half of 2008, for which interest expense was calculated using effective interest rate method. The effective annual interest rate of the liability component was 9.24% and the interest expenses for 2008 was RMB291.1 million.

Fair Value Changes on Derivative Financial Instruments. On February 15, 2008, we entered into a cash settled equity swap transaction with Merrill Lynch International for our shares up to a value of US$250.0 million (equivalent to approximately HK$1,950.0 million). See "—Liquidity and capital resources—Restricted cash" for more details. Based on the market price on December 31, 2008, the fair value change on the Equity Swap reduced our profit for the period by RMB1,241.5 million.

Income Tax Expenses. Income tax expenses decreased by 29.2% to RMB1,846.3 million in 2008 from RMB2,607.2 million in 2007, primarily attributable to a decrease in LAT from RMB1,155.4 million in 2007 to RMB875.9 million in 2008 and a decrease in PRC enterprise income tax from RMB1,472.7 million in 2007 to RMB1,334.3 million in 2008. The decrease in our income tax expenses was also attributable to an increase of deferred income tax credited to profit or loss from RMB20.9 million in 2007 to RMB419.1 million in 2008 mainly as a result of changes in deferred income tax arising from the elimination of unrealized profits, tax losses and the recognition of construction contract revenue and the associated contract costs. Despite the above, our effective income tax rate increased from 38.3% in 2007 to 56.6% in 2008 primarily due to the interest and other expenses incurred on the Convertible Bonds in 2008, which were not tax deductible for purposes of PRC income tax.

Profit for the Year. Profit for the year decreased by 66.3% to RMB1,415.0 million in 2008 from RMB4,203.7 million in 2007. Our net profit margin decreased to 9.0% in 2008 from 23.7% in 2007, as a result of the cumulative effects of the foregoing factors.

Minority Interests. Profits attributable to minority shareholders of our subsidiaries decreased to RMB36.8 million in 2008 from RMB67.8 million in 2007, as a result of decreased 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 and the issuance of the 2014 Notes in September 2009. 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 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, 2007, 2008 and 2009.

	Year ended December 31,		
(RMB in thousands)	2007	2008	2009
Net cash generated used in operating activities	(8,421,910)	(6,379,171)	(791,270)
Net cash generated used in investing activities	(959,224)	(2,038,663)	(2,987,040)
Net cash generated from financing activities	16,630,495	3,182,408	5,383,325
Cash and cash equivalents at the end of the year	8,483,420	3,006,492	4,608,708

Cash flows from operating activities

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 RMB3,945.6 million. Changes in working capital contributed to a net cash outflow of RMB2,146.2 million, comprising primarily of (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 land use rights of RMB2,404.1 million, (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, and (iv) an increase in properties under development and completed properties held for sale of RMB585.1 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 of (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.

2007. Our net cash used in operating activities of RMB8,421.9 million was attributable to cash used in operations of RMB6,795.3 million, income tax paid of RMB1,343.1 million and interest paid of RMB283.6 million. Cash generated from operations prior to changes in working capital was RMB7,177.3 million. Changes in working capital contributed to a net cash outflow of RMB13,972.6 million, comprising primarily of (i) an increase in properties under development and completed properties held for sale of RMB5,130.1 million, (ii) an increase in land use rights of RMB5,555.8 million, and (iii) an increase in trade and other receivables of RMB4,074.9 million, partially offset by an increase in trade and other payables of RMB1,504.7 million.

Cash flows from investing activities

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.

2007. Our net cash outflow from investing activities of RMB959.2 million in 2007 was primarily attributable to purchases of property, plant and equipment of RMB806.1 million, acquisition of subsidiaries of RMB550.0 million and purchase of land use rights of RMB389.3 million, partially offset by interest received of RMB425.4 million and repayments of cash advances from related parties of RMB363.5 million.

Cash flows from financing activities

2009. We had net cash inflow from financing activities of approximately RMB5,383.3 million for the year ended December 31, 2009, primarily attributable to proceeds from new borrowings of RMB9,567.6 million and net proceeds from the issuance of senior notes of RMB2,527,7, partially offset by repayments of existing loans 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 new 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 borrowings of RMB3,988.6 million, dividends paid to our shareholders of RMB1,557.4 million, and purchase of treasury shares of RMB303.0 million.

2007. Our net cash inflow from financing activities of RMB16,630.5 million in 2007 was primarily attributable to proceeds from issuance of our shares in the IPO of RMB14,671.2 million and proceeds from borrowings of RMB6,440.0 million, partially offset by repayments of borrowings of RMB3,529.5 million, dividends paid to the then equity holders of RMB512.6 million and share issue cost of RMB446.1 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 and the issuance of the 2014 Notes in September 2009. 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 the 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 only use their own funds 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 on land premiums to 50% of the total 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 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. Such change of 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 jointly issued by the Ministry of Construction and other PRC government authorities in May 2006, 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 favorable policies adopted since the second half of 2008 are expected to be revised from time to time or terminated by the PRC government as a result of changes in market conditions. 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

The following table sets forth our borrowings (excluding the Convertible Bonds and the 2014 Notes) as of December 31, 2007, 2008 and 2009:

	As of December 31,		
(RMB in thousands)	**2007**	**2008**	**2009**
Borrowings included in non-current liabilities:			
Bank borrowings			
—secured	2,926,200	4,784,100	7,819,753
—unsecured	2,661,000	3,038,584	2,604,750
Less: current portion of non-current borrowings	(1,359,800)	(2,819,434)	(2,786,500)
Non-current borrowings	4,227,400	5,003,250	7,638,003
Borrowings included in current liabilities:			
Bank borrowings			
—secured	-	3,630	288,065
—unsecured	1,404,570	-	176,096
Current portion of non-current borrowings	1,359,800	2,819,434	2,786,500
Current borrowings	2,764,370	2,823,064	3,250,661
Total	6,991,770	7,826,314	10,888,664

Our borrowings (excluding the Convertible Bonds and the 2014 Notes) as of December 31, 2007, 2008 and 2009 bore a weighted average effective interest of 6.8%, 7.4% and 6.7%, respectively. As of December 31, 2009, a substantial part of our borrowings were secured by land use rights and properties that we owned and were guaranteed by our subsidiaries.

On July 9, 2009, we signed a facility letter with The Bank of East Asia, Limited. This loan facility is a Hong Kong dollar denominated term loan facility with an aggregate principal amount of up to HK$200 million. As of December 31, 2009, we had drawn down the entire principal amount available under this facility. In addition, we entered into a facility agreement with Chinese Mercantile Bank, Guangzhou branch, on August 14, 2009. This loan facility is a Hong Kong dollar denominated term loan facility with an aggregate principal amount of up to HK$200 million. As of December 31, 2009, we had drawn down the entire principal amount available under this facility. See "Description of other material indebtedness."

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. As of December 31, 2009, the fair value of the liability component of the Convertible Bonds amounted to RMB4,146.6 million. In September 2009, we issued 11.75% Senior Notes due 2014 with an aggregate principal amount of US$375,000,000. As of December 31, 2009, an aggregate principal amount of US$375,000,000 of the 2014 Notes was outstanding.

The Convertible Bonds and the 2014 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 and the 2014 Notes. See "Description of other material indebtedness—Convertible Bonds" and "Description of other material indebtedness—2014 Notes."

The maturity of our borrowings (excluding the Convertible Bonds and the 2014 Notes) included in non-current liabilities as of December 31, 2007, 2008 and 2009 is as follows:

	As of December 31,		
(RMB in thousands)	**2007**	**2008**	**2009**
Between 1 and 2 years	2,527,400	3,354,474	4,348,823
Between 2 and 5 years	1,700,000	1,648,776	2,839,180
Beyond 5 years	-	-	450,000
	4,227,400	5,003,250	7,638,003

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, 2007, 2008 and 2009, our restricted cash amounted to RMB1,013.5 million (all guarantee deposits for construction of pre-sold properties), 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), and 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).

Contingent liabilities

As of December 31, 2009, we provided guarantees of approximately RMB13,540.3 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 short-term guarantees which 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 to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and we are entitled to take over the legal title and possession of the relevant properties. Of the amounts as of December 31, 2009, approximately RMB256.4 million was to be discharged two years from the day the mortgage loans become due; and approximately RMB13,284.0 million was to be discharged upon 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.

Capital commitments

As of December 31, 2009, our capital commitments in connection with our property development activities amounted to RMB16,304.9 million, primarily arising from contracted construction fees or other capital commitments for future property developments. We expect to fund such capital commitments principally from the pre-sale proceeds of our properties and partly from bank borrowings. The following table shows a breakdown of our capital commitments with respect to our property developments as of December 31, 2009:

	Amount	Percentage
	(RMB in thousands)	%
Contracted but not provided for		
Property, plant and equipment	35,384	0.2
Property development expenditure (including land premium)	16,269,548	99.8
	16,304,932	100.0

For more details about our capital commitments, see Note 35 to our audited financial information as of and for the year ended December 31, 2009 included herein.

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. 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, all of which would adversely affect our results of operations.

Currently, our borrowings primarily consist of loans from commercial banks, the Convertible Bonds and the 2014 Notes. As of December 31, 2007, 2008 and 2009, our borrowings were RMB6,991.8 million, RMB11,844.8 million and RMB17,769.6 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 the PBOC may result in an increase in our interest costs, as most of our bank borrowings bear floating interest rates linked to the PBOC-published rates. The PBOC-published benchmark one-year lending rates, which directly affect the property mortgage rates offered by commercial banks in China, as of December 31, 2007, 2008 and 2009 was 7.74%, 5.31% and 5.31%, respectively.

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, 2009, we had U.S. dollar-denominated debt totaling US$375.0 million, representing the 2014 Notes in aggregate principal amount of US$375.0 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 RMB359.0 million and in U.S. dollars of RMB1,921.0 million.

We recognize foreign exchange gain or loss on our income statement 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

We entered into a cash settled equity swap transaction with Merrill Lynch International on 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. 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 for the year ended December 31, 2009 as a result of an increase in our share price during such year.

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 4.8%, 5.9% and -0.7% in 2007, 2008 and 2009, respectively. Deflation could negatively affect our business as it would be a disincentive for prospective property buyers to make a purchase. 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)	**2007**	**2008**	**2009**
Operating profit	6,964.7	5,501.9	3,658.6
Adjustments:			
Interest income	425.4	74.7	70.5
Depreciation	127.3	167.8	219.1
Amortization of land use rights	84.8	160.4	186.6
Amortization of intangible assets	0.7	3.4	3.7
Exchange losses	(295.6)	(241.4)	(1.1)
EBITDA	7,307.3	5,666.8	4,137.4

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 ten years, China's GDP has increased from approximately RMB8,967.7 billion in 1999 to approximately RMB33,535.3 billion in 2009 at a compound annual growth rate, or CAGR, of approximately 14.4%.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billion) . . .	8,967.7	9,921.5	10,965.5	12,033.3	13,582.3	15,987.8	18,493.7	21,631.4	26,581.0	31,404.5	33,535.3
Real GDP growth rate (%)	7.6	8.4	8.3	9.1	10.0	10.1	10.4	11.6	13.0	9.0	N/A
Per capita GDP (RMB)	7,158.5	7,857.7	8,621.7	9,398.1	10,542.0	12,335.6	14,053.0	16,165.0	19,524.1	22,698.0	N/A
Foreign Direct Investment (US$ in billion) . . .	40.3	40.7	46.9	52.7	53.5	60.6	60.3	63.0	74.7	92.4	N/A
Fixed Asset Investment (RMB in billion) . . .	2,985.5	3,291.8	3,721.4	4,350.0	5,556.7	7,047.7	8,877.3	10,999.8	13,723.9	17,229.1	22,484.6

Source: China Statistical Yearbook and National Bureau of Statistics of China; source of 2009 Data: CEIC Data Company, Ltd. or CEIC; source of nominal GDP and per capita GDP: 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 to present	The PRC government has adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities. Including abolishing certain preferential treatment relating to business tax payable upon transfers of residential properties. In January 2010, the PRC government imposed more stringent requirements on the payment of land premium by requiring purchasers who have already purchased a residence through mortgage financing to pay a minimum down payment of 40% of the purchase price for any additional residences.

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	46.5
Per capita disposable income of urban households (RMB)	9,421.6	10,493.0	11,759.5	13,785.8	15,781.0	17,174.7

Source: China Statistical Yearbook 2008 and National Bureau of Statistics of China; source of 2009 data: CEIC.

The property market in China

Prices for property in China increased from 1998 to 2008, with the average price of residential properties in China increasing from approximately RMB2,548.6 per sq.m. in 2004 to approximately RMB3,655.1 per sq.m. in 2008, 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 RMB3,058.0 billion in 2008.

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	1,590.9	1,942.3	2,528.9	3,058.0	N/A
Total GFA sold (sq.m. in millions)	382.3	554.9	618.6	773.5	620.9	937.1
GFA of residential properties sold (sq.m. in millions)	338.2	495.9	554.2	701.4	558.9	852.9
Average price of commodity properties (RMB per sq.m.)	2,713.9	3,167.7	3,366.8	3,863.9	3,876.8	4,695
Average price of residential properties (RMB per sq.m.)	2,548.6	2,937.0	3,119.3	3,645.2	3,655.1	N/A

Sources: China Statistical Yearbooks and National Bureau of Statistics of China; source of 2009 data: 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 and the China Statistical Yearbook, the total revenue from property development in the PRC increased from approximately RMB707.8 billion in 2002 to approximately RMB4,399.0 billion in 2009. During the same period, total GFA sold increased from approximately 268,082,900 sq.m. in 2002 to approximately 937,130,000 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 96.4 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.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	925.1	1,074.1	1,203.9	1,350.2	1,584.5	1,886.5	2,236.7	2,620.4	3,108.4	3,569.6	3,908.2
Real GDP growth rate (%)	10.1	11.5	10.5	12.4	14.8	14.8	13.6	13.8	14.7	10.1	9.5
Per capita GDP (RMB)	11,415.0	12,736.0	13,852.0	15,365.0	17,798.0	20,876.0	24,438.0	28,332.0	32,713.0	37,588.0	40,748
Per capita disposable income of urban households . . .	9,125.9	9,761.6	10,415.2	11,137.2	12,308.4	13,627.7	14,770.0	16,015.6	17,699.3	19,732.9	6,906.9

Source: Guangdong Statistical Yearbook and Guangdong Bureau of Statistics of China

According to the Guangdong Bureau of Statistics, properties with a total GFA of 46,951,000 sq.m. were completed in Guangdong Province in 2009, representing an increase of 7.7% over 2008. A total of 48,244,100 sq.m. of commodity property was sold, of which 43,783,700 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)	34.1	43.9	43.1	42.7	43.6	47.0
GFA of residential properties completed (sq.m. in millions)	27.8	34.8	34.2	35.1	34.8	38.4
Total GFA sold (sq.m. in millions)	30.5	50.4	51.8	61.7	48.2	70.4
% of total GFA sold in the PRC	8.0	9.1	8.4	8.0	8.2	7.5
GFA of residential properties sold (sq.m. in millions)	27.4	45.5	46.9	56.1	43.8	65.6
Total sales revenue (RMB in billions)	105.9	223.9	251.3	365.1	288.8	458.6
Sales revenue from residential properties (RMB in billions)	90.3	188.6	215.4	318.3	N/A	N/A
Average price of commodity properties (RMB per sq.m.)	3,475.6	4,442.7	4,852.7	5,911.8	5,953.0	6,518
Average price of residential properties (RMB per sq.m.)	3,294.6	4,149.3	4,589.4	5,677.2	N/A	N/A

Source: Guangdong Statistical Yearbook and National Bureau of Statistics of China; source of 2009 data: 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 10.2 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
Nominal GDP (RMB in billions)	445.1	515.4	607.4	710.9	821.6
Real GDP growth rate (%)	15.0	12.9	14.8	14.9	12.3
Per capita GDP (RMB)	45,906.0	53,809.0	63,100.0	70,186.0	81,233.0

Source: Guangdong Statistical Yearbook and Guangdong Bureau of Statistics

Foshan City

Foshan is located in the central southern region of Guangdong Province, situated to the east of Guangzhou. In 2008, Foshan had a population of approximately 6.0 million. The city experienced a high GDP growth rate for the five years from 2004 to 2008. Foshan's GDP reached approximately RMB433.3 billion in 2008, representing a per capita GDP of approximately RMB72,975.0. The table below sets out selected economic statistics of Foshan for the periods indicated.

	2004	2005	2006	2007	2008
Nominal GDP (RMB in billions)	191.8	238.3	292.8	358.9	433.3
Real GDP growth rate (%)	18.3	19.4	19.3	19.2	15.2
Per capita GDP (RMB)	33,669.0	41,266.0	50,232.0	60,917.0	72,975.0

Source: Guangdong Statistical Yearbook and Guangdong Bureau of Statistics

Jiangmen City

Jiangmen is located in the southern region of Guangdong Province, on the west side of the Pearl River Delta. In 2008, Jiangmen had a population of approximately 4.1 million. Jiangmen's GDP reached approximately RMB128.1 billion in 2008, representing a per capita GDP of approximately RMB30,973.0. The table below sets out selected economic statistics of Jiangmen for the periods indicated.

	2004	2005	2006	2007	2008
Nominal GDP (RMB in billions)	69.6	80.5	94.2	109.5	128.1
Real GDP growth rate (%)	12.2	12.8	15.6	15.0	10.8
Per capita GDP (RMB)	17,039.0	19,636.0	22,936.0	26,600.0	30,973.0

Source: Guangdong Statistical Yearbook and Guangdong Bureau of Statistics

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 RMB47.8 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
Nominal GDP (RMB in billions)	25.1	29.5	33.9	39.6	49.8
Real GDP growth rate (%)	12.6	14.3	13.8	14.2	12.5
Per capita GDP (RMB)	10,963.0	12,758.0	14,581.0	16,878.0	20,479.0

Source: Guangdong Statistical Yearbook and Guangdong Bureau of Statistics

Shaoguan City

Shaoguan is located in the northern region of Guangdong Province. In 2008, Shaoguan had a population of approximately 3.2 million. Shaoguan's GDP reached approximately RMB54.6 billion in 2008, representing a per capita GDP of approximately RMB18,503.0. The table below sets out selected economic statistics of Shaoguan for the periods indicated.

	2004	2005	2006	2007	2008
Nominal GDP (RMB in billions)	30.5	34.0	40.1	48.3	54.6
Real GDP growth rate (%)	9.1	9.9	14.7	14.9	10.6
Per capita GDP (RMB)	10,648.0	11,708.0	13,690.0	16,418.0	18,503.0

Source: Guangdong Statistical Yearbook and Guangdong Bureau of Statistics

Zhaoqing City

Zhaoqing is located in the central-western region of Guangdong Province. In 2008, Zhaoqing had a population of approximately 4.1 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
Nominal GDP (RMB in billions)	39.1	45.1	51.6	61.7	71.6
Real GDP growth rate (%)	13.2	14.4	14.5	15.3	14.2
Per capita GDP (RMB)	10,829.0	12,315.0	13,991.0	16,544.0	18,951.0

Source: Guangdong Statistical Yearbook and Guangdong Bureau of Statistics

Huizhou City

Huizhou is located in the southeastern region of Guangdong Province. In 2008, Huizhou had a population of approximately 3.9 million. Huizhou's GDP reached approximately RMB129.0 billion in 2008, representing a per capita GDP of approximately RMB33,077.0. The table below sets out selected economic statistics of Huizhou for the periods indicated.

	2004	2005	2006	2007	2008
Nominal GDP (RMB in billions)	68.6	80.3	93.5	110.5	129.0
Real GDP growth rate (%)	15.1	15.8	16.6	17.4	11.5
Per capita GDP (RMB)	19,189.0	21,896.0	25,043.0	28,945.0	33,077.0

Source: Guangdong Statistical Yearbook and Guangdong Bureau of Statistics

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 2008, Hunan Province had a population of approximately 68.5 million. The table below sets out selected economic statistics of Hunan Province for the periods indicated.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	321.4	355.1	383.2	415.2	466.0	564.2	651.1	799.3	914.5	1,115.7	1,293.1
Real GDP growth rate (%)	8.3	9.0	9.0	9.0	9.6	12.0	11.6	12.1	14.4	12.8	13.6
Per capita GDP (RMB)	4,933.0	5,425.0	6,120.0	6,734.0	7,589.0	9,165.0	10,426.0	1,183.0	14,405.0	17,521.0	NA
Per capita disposable income of urban households	5,815.4	6,218.7	6,780.6	6,958.6	7,674.2	8,617.5	9,524.0	10,504.7	12,293.0	13,821.0	15,084

Source: Hunan Statistical Yearbook and National Bureau of Statistics of China; source of 2009 data: CEIC

According to CEIC, properties with a total GFA of 29,651,000 sq.m. were completed in Hunan Province in 2009, representing an decrease of 45.2% over 2008. The total sales revenue amounted to approximately RMB61.1 billion, of which approximately RMB51.7 billion was from the sale of residential properties. The average price per sq.m. of commodity properties in Hunan Province in 2009 was approximately RMB3,680 and RMB2,068.0, respectively, representing an increase of 16.4% over 2008. 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)	14.6	17.4	17.1	20.6	23.9	29.7
GFA of residential properties completed	11.7	13.9	14.0	16.8	20.4	25.0
Total GFA sold (sq.m. in millions)	11.9	18.4	20.2	17.3	23.8	35.1
% of total GFA sold in the PRC	3.1	3.3	2.7	3.5	3.8	3.7
GFA of residential properties sold (sq.m. in millions)	10.3	16.1	18.2	25.0	24.1	32.6
Total sales revenue (RMB in billions)	18.0	29.9	39.0	61.1	61.1	94.2
Sales revenue from residential properties (RMB in billions)	12.9	22.6	30.0	51.7	N/A	N/A
Average price of commodity properties (RMB per sq.m.)	1,510.5	1,624.8	1,928.4	2,233.1	2,302.0	2,680.0
Average price of residential properties (RMB per sq.m.)	1,248.3	1,404.6	1,655.2	2,068.0	N/A	N/A

Sources: Hunan Statistical Yearbooks and National Bureau of Statistics of China; source of 2009 data: CEIC

Changsha City

Changsha is the capital of Hunan Province, located in the central eastern region of the province. In 2008, Changsha had a population of approximately 6.6 million. Changsha's GDP reached approximately RMB300.1 billion in 2008, representing a per capita GDP of approximately RMB45,765.0. The table below sets out selected economic statistics of Changsha for the periods indicated.

	2004	2005	2006	2007	2008
Nominal GDP (RMB in billions)	113.4	152.0	179.9	219.0	300.1
Real GDP growth rate (%)	15.0	14.9	14.8	16.0	15.1
Per capita GDP (RMB)	18,036.0	23,968.0	27,853.0	33,711.0	45,765.0

Sources: Hunan Statistical Yearbooks and Hunan Bureau of Statistics

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 2008, Inner Mongolia had a population of approximately 24.1 million. The table below sets out selected economic statistics of Inner Mongolia for the periods indicated.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	137.9	153.9	171.4	194.1	238.8	304.1	390.0	479.0	601.9	776.2	972.6
Real GDP growth rate (%)	8.8	10.8	10.7	13.2	17.9	20.5	23.8	18.0	19.0	17.2	16.9
Per capita GDP (RMB)	5,861.0	6,502.0	7,216.0	8,162.0	10,039.0	12,767.0	16,331.0	20,047.0	25,092.0	32,214.0	N/A
Per capita disposable income of urban households	4,770.5	5,129.1	5,535.9	6,051.0	7,012.9	8,123.1	9,136.8	10,358.0	12,378.0	14,431.0	15,849.2

Source: Inner Mongolia Statistical Yearbook and National Bureau of Statistics of China; source of 2009 data: 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 RMB2,977.0, representing an increase of 19.8% and over 2008. 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)	6.8	9.0	13.3	15.3	16.9	22.4
GFA of residential properties completed	5.3	7.2	11.0	15.5	16.7	18.9
Total GFA sold (sq.m. in millions)	7.1	10.8	14.3	20.9	21.4	24.6
% of total GFA sold in the PRC	1.9	1.9	2.3	2.7	N/A	2.6
GFA of residential properties sold (sq.m. in millions)	5.8	9.2	12.5	18.1	20.9	21.5
Total sales revenue (RMB in billions)	9.8	17.8	25.9	46.9	59.5	73.3
Sales revenue from residential properties (RMB in billions)	7.0	12.9	20.3	36.5	N/A	N/A
Average price of commodity properties (RMB per sq.m.)	1,388.8	1,653.2	1,811.4	2,246.5	2,483.0	2,977.0
Average price of residential properties (RMB per sq.m.)	1,217.2	1,401.6	1,626.8	2,014.5	N/A	N/A

Sources: Inner Mongolia Statistical Yearbooks and National Bureau of Statistics of China; source of 2009 data: CEIC

Hulunbei'er City

Hulunbei'er is located in the northeastern region of Inner Mongolia. In 2008, Hulunbei'er had a population of approximately 2.7 million. Hulunbei'er's GDP reached approximately RMB63.3 billion in 2008, representing a per capita GDP of approximately RMB23,413.0. The table below sets out selected economic statistics for Hulunbei'er for the periods indicated.

	2004	2005	2006	2007	2008
Nominal GDP (RMB in billions)	26.2	32.4	39.5	50.0	63.3
Real GDP growth rate (%)	25.0	24.4	18.0	16.5	15.0
Per capita GDP (RMB)	9,598.0	11,971.0	15,894.0	18,501.8	23,413.0

Sources: Inner Mongolia Statistical Yearbooks and Inner Mongolia Bureau of Statistics

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 2008, Jiangsu Province had a population of approximately 76.8 million. Jiangsu's per capita disposable income of urban households in 2008 was RMB18,680.0. The table below sets out selected economic statistics of Jiangsu Province for the periods indicated.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	769.8	855.4	945.7	1,060.7	1,244.3	1,500.4	1,830.6	2,164.5	2,556.0	3,031.3	3,406.1
As % of PRC GDP	8.6	8.6	8.6	8.8	9.2	9.4	10.0	10.3	10.4	10.1	10.2
Real GDP growth rate (%)	10.1	10.6	10.2	11.7	13.6	14.8	14.5	14.9	14.8	12.3	12.4
Per capita GDP (RMB)	10,695.0	11,765.0	12,882.0	14,396.0	16,830.0	20,223.0	24,560.0	28,814.0	33,689.0	39,622.0	44,232.0
Per capita disposable income of urban households	6,538.0	6,800.0	7,375.0	8,178.0	9,263.0	10,482.0	12,319.0	14,084.0	16,378.0	18,680.0	20,552.0

Source: Jiangsu Statistical Yearbook and National Bureau of Statistics of China; source of 2008 and 2009 data: Jiangsu Statistical Bureau and CEIC

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

	2004	2005	2006	2007	2008
Total GFA completed (sq.m. in millions)	39.1	55.0	59.3	63.4	67.1
GFA of residential properties completed	32.2	45.0	47.5	51.6	54.9
Total GFA sold (sq.m. in millions)	31.8	51.4	61.0	76.0	54.1
GFA of residential properties sold (sq.m. in millions)	27.6	45.2	53.2	67.7	47.3
% of total GFA sold in the PRC	8.3	9.3	9.9	9.8	N/A
Total sales revenue (RMB in billions)	84.3	172.5	219.2	305.8	N/A
Sales revenue from residential properties (RMB in billions)	66.7	142.3	175.6	259.7	N/A
Average price of commodity properties (RMB per sq.m.)	2,651.0	3,358.7	3,592.3	4,024.4	N/A
Average price of residential properties (RMB per sq.m.)	2,418.0	3,145.6	3,302.3	3,834.2	N/A

Source: Jiangsu Statistical Yearbooks and National Bureau of Statistics of China

Taizhou City

Taizhou is located in the central region of Jiangsu Province. In 2008, Taizhou had a population of approximately 5.0 million. Taizhou's GDP reached approximately RMB139.4 billion in 2008, representing a per capita GDP of approximately RMB30,256.0. The table below sets out selected economic statistics of Taizhou for the periods indicated.

	2004	2005	2006	2007	2008
Nominal GDP (RMB in billions)	70.5	82.2	100.2	120.2	139.4
Real GDP growth rate (%)	14.7	16.0	15.5	15.7	13.5
Per capita GDP (RMB)	14,014.0	35,541.0	19,933.0	26,093.0	30,256.0

Source: Jiangsu Statistical Yearbooks and Jiangsu Bureau of statistics

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 2008, Liaoning Province had a population of approximately 43.1 million. The table below sets out selected economic statistics of Liaoning Province for the periods indicated.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions) . .	417.2	466.9	503.3	545.8	600.3	667.2	800.9	925.7	1,102.2	1,346.2	1,506.6
Real GDP growth rate (%)	8.2	8.9	9.0	10.2	11.5	12.8	12.3	13.8	14.5	13.1	13.1
Per capita GDP (RMB)	10,086.0	11,177.0	12,015.0	13,000.0	14,270.0	15,835.0	18,983.0	21,802.0	25,725.0	31,259.0	N/A
Per capita disposable income of urban households	4,898.6	5,357.8	5,797.0	6,524.6	7,240.6	8,007.6	9,107.6	10,370.0	12,300.0	14,393.0	15,761.4

Source: Liaoning Statistical Yearbooks and National Bureau of Statistics of China

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 7.4% 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)	23.0	24.4	29.1	31.3	35.4	40.4
Total GFA sold (sq.m. in millions)	20.1	25.6	30.3	38.3	40.2	53.8
GFA of residential properties sold (sq.m. in millions)	18.0	23.4	27.5	34.5	N/A	N/A
% of total GFA sold in the PRC	5.2	4.6	4.9	5.0	6.5	5.7
Total sales revenue (RMB in billions)	48.7	71.7	92.8	133.7	150.8	216.8
Sales revenue from residential properties (RMB in billions)	41.7	62.1	79.1	118.9	N/A	N/A
Average price of commodity properties (RMB per sq.m.)	2,416.7	2,797.6	3,065.9	3,490.2	3,753.9	4,034.0
Average price of residential properties (RMB per sq.m.)	2,316.3	2,651.7	2,876.4	3,354.6	N/A	N/A

Source: Liaoning Statistical Yearbook and National Bureau of Statistics of China; Source of 2009 data: CEIC

Shenyang City

Shenyang is the capital of Liaoning Province, locating in the central region of the province. In 2008, Shenyang had a population of approximately 7.8 million. Shenyang's GDP reached approximately RMB386.1 billion in 2008, representing a per capita GDP of approximately RMB454,106.0. The table below sets out selected economic statistics of Shenyang for the periods indicated.

	2004	2005	2006	2007	2008
Nominal GDP (RMB in billions)	177.2	208.4	248.3	307.4	386.1
Real GDP growth rate (%)	15.5	16.0	16.5	17.7	16.3
Per capita GDP (RMB)	27,487.0	29,935.0	37,274.0	43,499.0	54,106.0

Sources: Liaoning Statistical Yearbooks and Liaoning Bureau of Statistics

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 2008, Anhui Province had a population of approximately 67.4 million. The table below sets out selected economic statistics of Anhui Province for the periods indicated.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	271.2	290.2	324.7	352.0	392.3	475.9	537.5	614.9	736.4	887.4	1,005.3
Real GDP growth rate (%)	9.1	8.3	8.9	9.6	9.4	13.3	11.6	12.8	13.9	12.7	12.9
Per capita GDP (RMB)	4,495.8	4,779.5	5,312.9	5,736.2	6,371.9	7,681.2	8,669.5	10,055.0	12,015.0	14,485.0	N/A
Per capita disposable income of urban households . . .	5,064.6	5,293.6	5,668.8	6,032.4	6,778.0	7,511.4	8,470.7	9,771.1	11,473.6	12,990.4	14,085.7

Source: Anhui Statistical Yearbook and National Bureau of Statistics of China; source of 2009 data: CEIC

According to the Anhui Bureau of Statistics, properties with a total GFA of 28,612,490 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 RMB3,400, representing a 15.2% increase over 2008.

	2004	2005	2006	2007	2008	2009
Total GFA completed (sq.m. in millions)	18.8	18.2	20.7	23.4	25.4	28.6
GFA of residential properties completed	N/A	14.8	17.3	20.1	21.3	23.5
Total GFA sold (sq.m. in millions)	15.3	19.1	23.1	30.8	27.9	40.5
GFA of residential properties sold (sq.m. in millions)	12.8	16.9	20.4	27.8	N/A	N/A
% of total GFA sold in the PRC	4.0	3.4	3.7	4.0	4.4	4.3
Total sales revenue (RMB in millions)	26.7	42.3	53.6	82.2	N/A	137.8
Sales revenue from residential properties (RMB in billion)	20.4	34.8	43.9	69.5	N/A	N/A
Average price of commodity properties (RMB per sq.m.)	1,750.7	2,220.2	2,321.9	2,664.4	2,949.0	3,400.0
Average price of residential properties (RMB per sq.m.)	1,590.5	2,064.6	2,152.8	2,504.8	N/A	N/A

Source: Anhui Statistical Yearbook and Anhui Bureau of Statistics; source of 2008 and 2009 data: CEIC

Chaohu City

Chaohu is located in central Anhui Province. In 2008, Chaohu had a population of approximately 4.6 million. Chaohu's GDP reached approximately RMB47.9 billion in 2008, representing a per capita GDP of approximately RMB11,634.0. The table below sets out selected economic statistics of Chaohu for the periods indicated.

	2005	2006	2007	2008
Nominal GDP (RMB in billions)	301.9	34.4	40.5	47.9
Real GDP growth rate (%)	11.2	12.2	13.4	13.2
Per capita GDP (RMB)	7,136.0	8,319.0	9,809.0	11,634.0

Source: Anhui Statistical Yearbook and Anhui Bureau of Statistics

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 2008, Hubei Province had a population of approximately 57.1 million. The table below sets out selected economic statistics of Hubei Province for the periods indicated.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nominal GDP (RMB in billions)	322.9	354.5	388.1	421.3	475.7	563.3	652.0	758.1	923.1	1,133.0	1,283.2
Real GDP growth rate (%)	7.8%	8.6%	8.9%	9.2%	9.7%	11.2%	12.1%	13.2%	14.5%	13.4%	13.2%
Per capita GDP (RMB)	5,452	6,293	6,867	7,437	8,378	9,898	11,431	13,296	16,206	18,796	N/A
Per capita disposable income of urban households	5,212.8	5,524.5	5,856.0	6,789.0	7,322.0	8,022.8	8,786.0	9,803.0	11,485.0	13,152.9	14,367.5

Source: Hubei Statistical Yearbook and National Bureau of Statistics of China; source of 2009 data: CEIC

According to the Hubei Bureau of Statistics, properties with a total GFA of 23,121,090 sq.m. were completed in Hubei Province in 2009, representing an increase of 12.4% 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 RMB3,531, representing an increase of 17.6% 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)	15.3	16.3	18.2	21.0	20.6	23.1
GFA of residential properties completed (sq.m. in millions)	13.3	14.1	16.0	18.1	18.0	20.1
Total GFA sold (sq.m. in millions)	15.9	17.1	20.4	25.4	19.4	27.2
% of total GFA sold in the PRC	4.2%	3.1%	3.3%	3.3%	13.1%	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)	31.0	38.7	52.1	77.5	58.3	96.0
Average price of commodity properties (RMB per sq.m.)	1,949.7	2,263.3	2,555.7	3,053.1	3,001.0	3,531.0

Source: Hubei Statistical Yearbook and National Bureau of Statistics of China; source of 2008 and 2009 data: CEIC

Wuhan City

Wuhan is the capital of Hubei Province, located at the confluence of the Changjiang and Hanjiang Rivers. In 2008, Wuhan had a population of approximately 8.3 million. Wuhan's GDP reached approximately RMB396.0 billion in 2008, representing a per capita GDP of approximately RMB 47,526.3. The table below sets out selected economic statistics of Wuhan for the periods indicated.

	2004	2005	2006	2007	2008
Nominal GDP (RMB in billions)	188.2	223.8	259.1	314.2	396.0
Real GDP growth rate (%)	14.5%	14.7%	14.8%	15.6%	15.1%
Per capita GDP (RMB)	23,148.0	26,279.0	29,899.0	35,500.0	47,526.3

Source: Hubei Statistical Yearbook and National Bureau of Statistics of China

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 2008, 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.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Nominal GDP (RMB in billions)	286.6	315.1	339.0	363.7	405.7	475.1	551.2	620.1	706.5	831.0
As % of PRC GDP	3.2%	3.2%	3.1%	3.0%	3.0%	3.0%	3.0%	2.9%	2.7%	2.8%
Real GDP growth rate (%)	7.5%	8.2%	9.3%	10.2%	10.2%	11.7%	11.6%	12.1%	12.0%	11.8
Per capita GDP (RMB)	7,578.0	8,294.0	8,900.0	9,541.0	10,638.0	12,449.0	14,434.0	16,228.0	18,478.0	21,727.0
Per capita disposable income of urban households	4,595.0	4,913.0	5,426.0	6,101.0	6,679.0	7,471.0	8,273.0	9,182.0	10,245.0	11,581.0

Source: Heilongjiang Statistical Yearbook and National Bureau of Statistics of China

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

	2004	2005	2006	2007	2008
Total GFA completed (sq.m. in millions)	11.1	13.1	14.0	16.0	N/A
GFA of residential properties completed (sq.m. in millions)	8.3	10.4	11.5	12.4	N/A
Total GFA sold (sq.m. in millions)	9.8	12.4	14.8	17.1	N/A
% of total GFA sold in the PRC	2.6%	2.2%	2.4%	2.2%	N/A
GFA of residential properties sold (sq.m. in millions)	7.9	10.5	13.0	15.2	N/A
Total sales revenue (RMB in billions)	18.7	26.1	32.6	42.2	42.1
Sales revenue from residential properties (RMB in billions)	13.2	19.6	26.4	35.8	N/A
Average price of commodity properties (RMB per sq.m.)	1,908.2	2,104.8	2,202.7	2,467.8	2,811.0
Average price of residential properties (RMB per sq.m.)	1,670.9	1,866.7	2,030.8	2,355.3	2,619.0

Source: Heilongjiang Statistical Yearbook and National Bureau of Statistics of China

Suihua City

Suihua is located in the mid-south region of Heilongjiang Province. In 2008, Suihua had a population of approximately 5.8 million. Suihua's GDP reached approximately RMB53.4 billion in 2008, representing a per capita GDP of approximately RMB9,255.0.

Tianjin

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

In 2008, Tianjin had a population of approximately 11.8 million. Tianjin's GDP reached approximately RMB635.4 billion in 2008, representing a per capita GDP of approximately RMB55,473. The table below sets out selected economic statistics of Chongqing for the periods indicated.

	2004	2005	2006	2007	2008
Nominal GDP (RMB in billions)	311.1	369.8	434.4	505.0	635.4
Real GDP growth rate (%)	15.8%	14.7%	14.5%	15.2%	16.5%
Per capita GDP (RMB)	30,575	35,783	41,022	46,122	55,473

Source: Tianjin Statistical Yearbook and National Bureau of Statistics

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 2008, Chongqing had a population of approximately 28.4 million. Chongqing's GDP reached approximately RMB509.7 billion in 2008, representing a per capita GDP of approximately RMB18,025.0. The table below sets out selected economic statistics of Chongqing for the periods indicated.

	2004	2005	2006	2007	2008
Nominal GDP (RMB in billions)	269.3	307.0	349.2	411.2	509.7
Real GDP growth rate (%)	12.2	11.5	12.2	15.6	14.3
Per capita GDP (RMB)	9,624.0	10,982.0	12,457.0	14,622.0	18,025.0

Source: Chongqing Statistical Yearbook and Chongqing Bureau of Statistics

The hotel 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 2008, there were 130.0 million inbound visitors, including visitors from Hong Kong, Macau and Taiwan, representing an decline of 1.4% increase over 2007. The majority of these visitors were from Hong Kong, Macau and Taiwan, which collectively accounted for 81.3% of the total number of inbound visitors in 2008. The table below sets out the number of inbound visitors arriving in China from 2004 to 2008.

	Inbound visitors				
	2004	2005	2006	2007	2008
Total (millions)	109.0	120.3	124.9	131.9	130.0
From Hong Kong and Macau (millions)	88.4	95.9	98.3	101.1	N/A
From Taiwan (millions)	3.7	4.1	4.4	4.6	N/A
Foreigners (millions)	16.9	20.3	22.2	54.7	24.3
Increase/(Decrease) (%)	19.0	10.4	3.8	5.5	(1.4)

Source: China Statistical Yearbook

Hotel industry in Guangdong Province

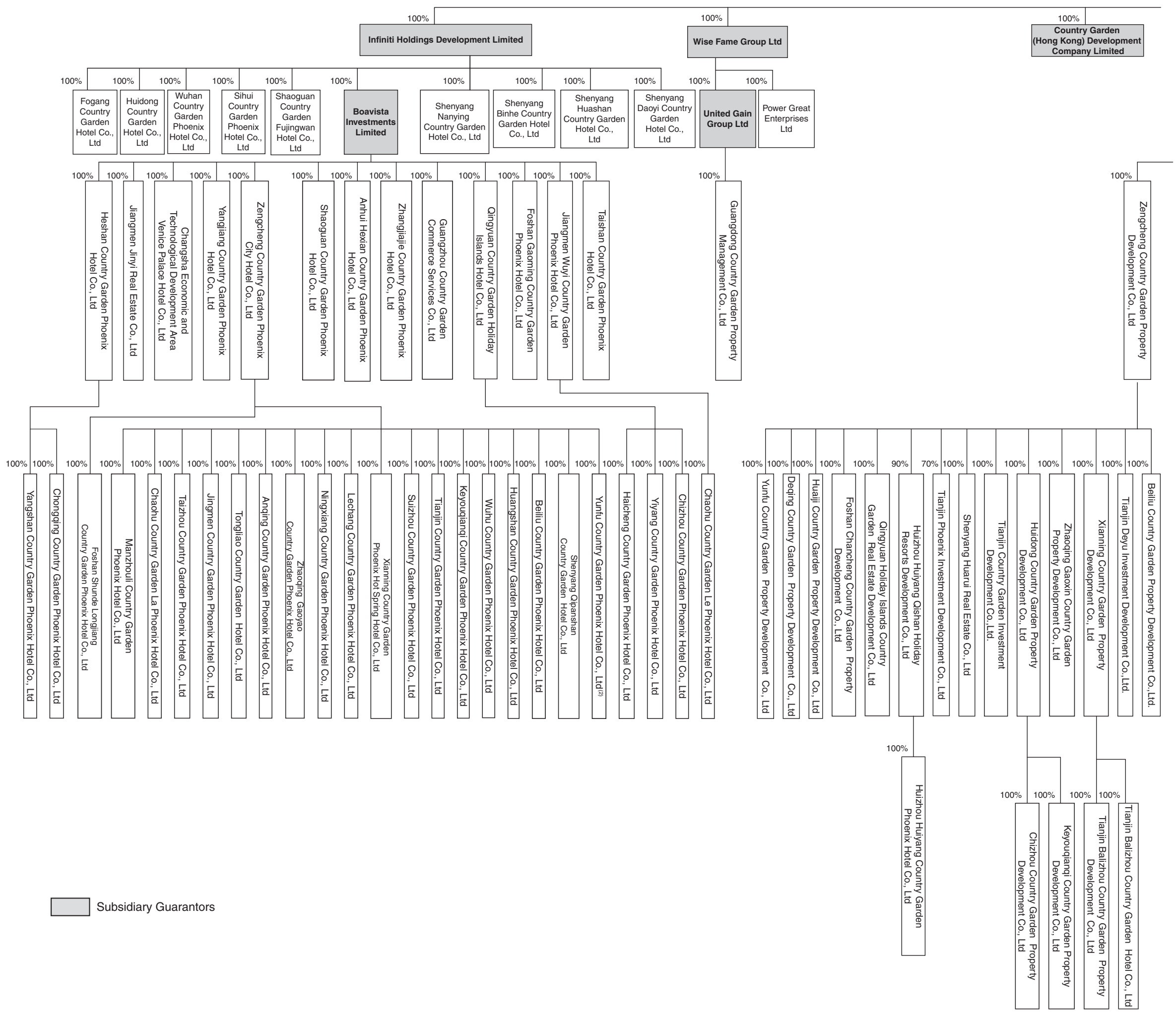
In 2008, Guangdong Province received approximately 103.2 million inbound visitors, including visitors from Hong Kong, Macau and Taiwan, representing an increase of 0.04% over 2007. The majority of these visitors were from Hong Kong, Macau and Taiwan, which collectively accounted for approximately 97.1 million of inbound visitors in 2008. The table below sets out the number of inbound visitors in Guangdong Province from 2004 to 2008.

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

Source: Guangdong Statistical Yearbook

Corporate structure

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

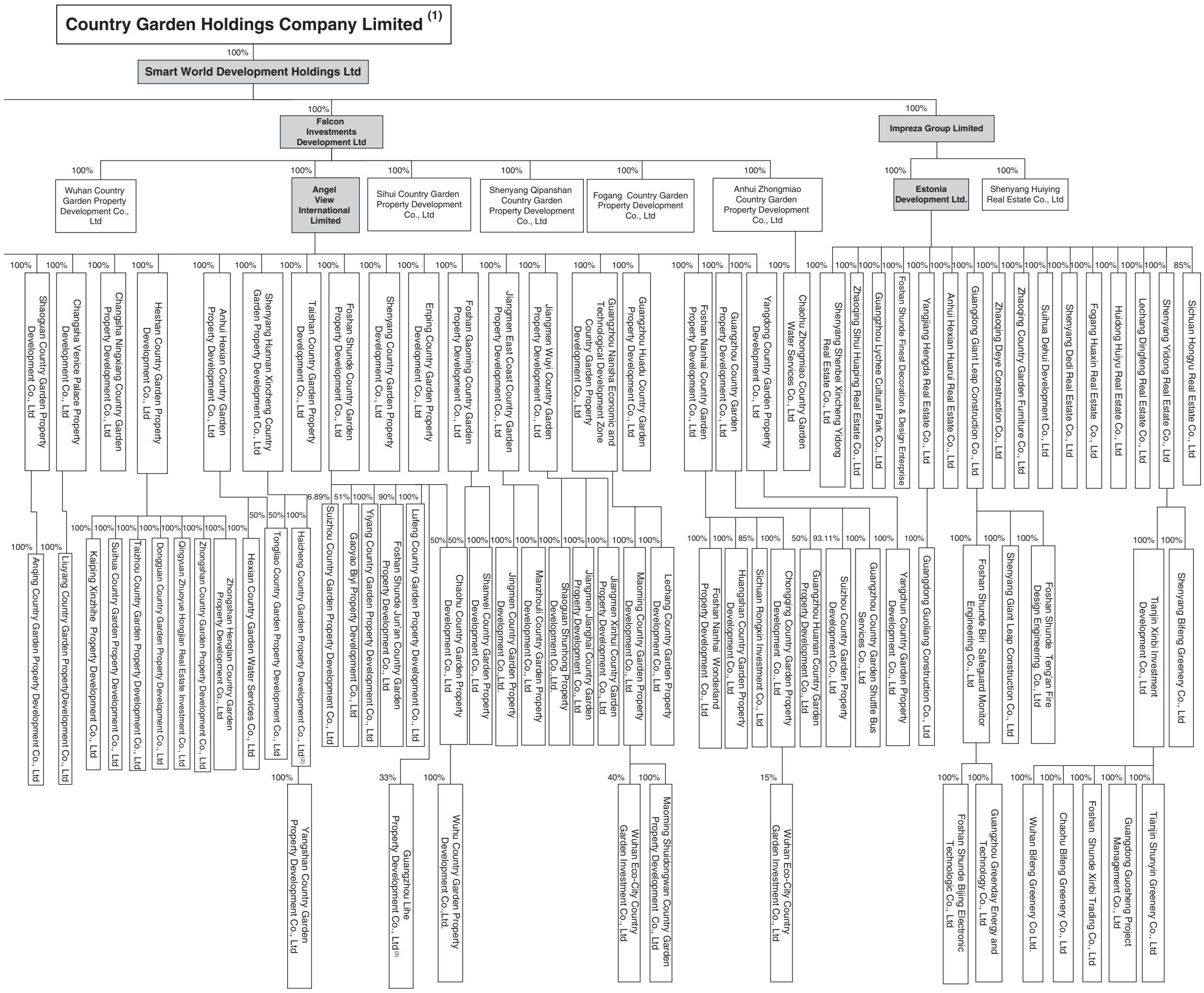


Notes:

(1) Our ultimate shareholders (other than public shareholders) are Yang Huiyan, Yang Erzhu, Su Rubo, Zhang Yaoyuan, Ou Xueming, who hold 59.33%, 5.91%, 4.35%, 4.96%, and 4.47%, respectively, of our Shares. See "Principal shareholders."

(2) Haicheng Country Garden Phoenix Hotel Co. Ltd. is 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.



Country Garden Holdings Company Limited (1)
100%
Smart World Development Holdings Ltd
100%
Falcon Investments Development Ltd
100%
Impreza Group Limited
Wuhan Country Garden Property Development Co., Ltd
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
Shaoguan Country Garden Property Development Co., Ltd
Changsha Venice Palace Property Development Co., Ltd
Changsha Ningxiang Country Garden Property Development 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 Nansha Economic and Technological Development Zone 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
Shenyang Shenbei Xincheng Yidong Real Estate Co., Ltd
Zhaoqing Sihui Huaping Real Estate Co., Ltd
Guangzhou Lychee Cultural Park 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
Suihua Dehui Development Co., Ltd
Shenyang Dedi Real Estate Co., Ltd
Fogang Huaxin Real Estate Co., Ltd
Huidong Huiyu Real Estate Co., Ltd
Lechang Dingfeng Real Estate Co., Ltd
Shenyang Yidong Real Estate Co., Ltd
Sichuan Hongyu Real Estate Co., Ltd
Anqing Country Garden Property Development Co., Ltd
Liuyang Country Garden Property Development Co., Ltd
Kaiping Xinzhihe Property Development Co., Ltd
Suihua Country Garden Property Development Co., Ltd
Taizhou Country Garden Property Development Co., Ltd
Dongguan Country Garden Property Development Co., Ltd
Qingyuan Zhuoyue Hongjian Real Estate Investment Co., Ltd
Zhongshan Country Garden Property Development Co., Ltd
Zhongshan Hengjian Country Garden Property Development Co., Ltd
Hexian Country Garden Water Services Co., Ltd
Tongliao Country Garden Property Development Co., Ltd
Haicheng Country Garden Property Development Co., Ltd(2)
Suizhou Country Garden Property Development Co., Ltd
Gaoyao Biyi Property Development Co., Ltd
Yiyang Country Garden Property Development Co., Ltd
Foshan Shunde Junan Country Garden Property Development Co., Ltd
Lufeng Country Garden Property Development Co., Ltd
Chaohu Country Garden Property Development Co., Ltd
Shanwei Country Garden Property Development Co., Ltd
Jingmen Country Garden Property Development Co., Ltd
Manzhouli Country Garden Property Development Co., Ltd
Shaoguan Shunfeng Property Development Co., Ltd
Jingmen Jiangling Country Garden Property Development Co., Ltd
Jiangmen Xinhui Country Garden Property Development Co., Ltd
Maoming Country Garden Property Development Co., Ltd
Lechang Country Garden Property Development Co., Ltd
Foshan Nanhai Wonderland Property Development Co., Ltd
Huangshan Country Garden Property Development Co., Ltd
Sichuan Rongxin Investment Co., Ltd
Chongqing Country Garden Property Development Co., Ltd
Guangzhou Huanan Country Garden Property Development Co., Ltd
Suzhou Country Garden Property Development Co., Ltd
Guangzhou Country Garden Shuttle Bus Services Co., Ltd
Yangchun Country Garden Property Development Co., Ltd
Guangdong Guoliang Construction Co., Ltd
Foshan Shunde Biri Safeguard Monitor Engineering Co., Ltd
Shenyang Giant Leap Construction Co., Ltd
Foshan Shunde Teng'an Fire Design Engineering Co., Ltd
Tianjin Xinbi Investment Development Co., Ltd
Shenyang Bifeng Greenery Co., Ltd
Yangshan Country Garden Property Development Co., Ltd
Guangzhou Lihe Property Development Co., Ltd(3)
Wuhu Country Garden Property Development Co., Ltd
Wuhan Eco-City Country Garden Investment Co., Ltd
Maoming Shuidongwan Country Garden Property Development Co., Ltd
Wuhan Eco-City Country Garden Investment Co., Ltd
Foshan Shunde Bijing Electronic Technologic Co., Ltd
Guangzhou Greenday Energy and Technology Co., Ltd
Wuhan Bifeng Greenery Co Ltd.
Chaohu Bifeng Greenery Co., Ltd
Foshan Shunde Xinbi Trading Co., Ltd
Guangdong Guosheng Project Management Co., Ltd
Tianjin Shunyin Greenery Co., Ltd

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 owner-occupier 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. While the local residents in China constitute our core customer base, we have also generated demand from residents in Hong Kong and Macau.

As of December 31, 2009, we had 65 projects at various stages of development. Of these projects, 36 were located in Guangdong Province: 10 in Guangzhou City, six in Foshan City, seven in Jiangmen City and the remaining in other cities including Yangjiang City, Shaoguan City, Zhaoqing City, Huizhou City, Shanwei City, Maoming City and Qingyuan City. Another 29 projects were located outside Guangdong Province, spanning six provinces, one autonomous region and two provincial level municipalities.

As of December 31, 2009, our projects had an aggregate completed GFA of approximately 15,851,642 sq.m. We had an aggregate GFA under development of approximately 13,896,617 sq.m. and an aggregate GFA of approximately 25,583,947 sq.m. relating to properties held for future development as of the same date. In addition, as of December 31, 2009, we had entered into land grant contracts in respect of land located in 19 cities with an aggregate site area of approximately 12,617,099 sq.m. and an aggregate expected GFA of approximately 15,395,541 sq.m. for future development.

On December 22, 2009, we and two other major property developers in the PRC signed a land grant contract with the PRC government to acquire certain parcels of land located in the Panyu District of Guangzhou City. The land 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. The development of this Asian Games Project will be implemented 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.

We also 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 such residential projects and enhanced our brand recognition. We have developed and are currently operating four five-star hotels and one four-star hotel, as well as seven hotels which have been 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 eight 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, 2009, our total revenue was RMB17,585.7 million (US$2,576.3 million) and our EBITDA was RMB4,137.4 million (US$606.1 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 April 1, 2010 was HK$46,557.5 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 banks

As of December 31, 2009, we had an aggregate GFA under development and for future development of approximately 39,480,564 sq.m. for which we have obtained all the relevant land use rights certificates, spanning seven provinces, one autonomous region and two provincial level municipalities. In addition, as of December 31, 2009, we had entered into land grant contracts in respect of land with an aggregate site area of approximately 12,617,099 sq.m. for which we have applied for or are in the process of applying for land use rights certificates in 19 cities in China, with an aggregate expected GFA of approximately 15,395,541 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 around or lower than 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. 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 10 cities in Guangdong Province, with a total of 36 projects having an aggregate expected GFA of 30,245,429 sq.m. as of December 31, 2009. Since 2006, we have also started to implement our business model outside Guangdong Province, with a total of 29 projects having an aggregate expected GFA of 25,086,777 sq.m. as of December 31, 2009. We believe the successes of Changsha Country Garden and Shenyang Country Garden, in particular, demonstrates our ability to replicate our business model 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 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 providing a positive effect on 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, 2007, 2008 and 2009, our cash and cash equivalents amounted to RMB8.5 billion, RMB3.0 billion and RMB4.6 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. As of December 31, 2009, our net debt to equity ratio, which is measured by dividing our net debt (total borrowings, the Convertible Bonds and the 2014 Notes, net of cash and cash equivalents, guarantee deposits for construction of pre-sold properties and cash collateral for bank borrowings) by our total capital and reserves attributable to our equity owners was 53.3%.

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—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, one autonomous region 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, 2009, our senior management (principally composed of our co-founders and their family members) in aggregate held an approximate 79.1% 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 healthy 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. 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 compliments 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, one autonomous region and two provincial level municipalities. We believe our geographical diversification efforts have provided us with a healthy 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 RMB40,748 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 and, where suitable opportunities arise, 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 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 already 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, 2009, we had 65 projects at various stages of development. Of these, 36 projects are located in Guangdong Province, including 10 in Guangzhou City, six in Foshan City, seven in Jiangmen City, one in Yangjiang City, three in Shaoguan City, four in Zhaoqing City, one in Huizhou City, one in Shanwei City, one in Maoming City and two in Qingyuan City. Another 29 projects are located in other provinces and regions including three in Changsha City and one in Yiyang City in Hunan Province, one in each of Wuhan City, Suizhou City, Jingmen City and two in Xianning City in Hubei Province, one in Taizhou City in Jiangsu Province, three in Chaohu City, one in each of Anqing City, Chizhou City, Huangshan City and Wuhu City in Anhui Province, four in Shenyang City and one in Anshan City in Liaoning Province, one in each of Hulunbeier City, Xing'anmeng and Tongliao City in Inner Mongolia, one in Suihua City in Heilongjiang Province, one in Chongqing Municipality and two in Tianjin Municipality.

On December 22, 2009, we and two other major property developers in the PRC signed a land grant contract with the PRC government to acquire certain parcels of land in the Panyu District of Guangzhou City. The land 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. The development of this Asian Games Project will be implemented 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 City."

We have obtained all the relevant long-term title certificates for land of 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 and Yiyang City in Hunan Province, Shenyang City and Anshan City in Liaoning Province, Chaohu City in Anhui Province, Suizhou City and Jingmen City in Hubei Province, Yulin City in Guangxi Province and Tianjin Municipality, with an aggregate site area of approximately 12,617,099 sq.m. As of December 31, 2009, we had not yet obtained land use rights certificates to these parcels of land and these land parcels are 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 issuance of the Certification of Completion.

Unless otherwise indicated, we have obtained the relevant land use rights certificates for all our properties referred to herein. As our projects typically comprise multiple-phase developments on a rolling basis, a single project may include phases that are completed and also at various stages of 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 65 projects as of December 31, 2009.

				Completed property developments					Properties under development						Properties for future development				
Project	City (District)	Types of Products	Aggregate GFA for entire project	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	Interest attributable to the Company
			(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	240,550	238,860	234,880	—	Jun-29-2002	—	—	—	—	—	—	28,672	1st Quarter 2010	3rd Quarter 2010	2nd Quarter 2011	100%
Shawan Country Garden (沙灣碧桂園)	Guangzhou (Panyu)	Villas, townhouses, high-rise apartment buildings, parking spaces	278,834	278,834	273,702	271,120	—	Dec-31-2009	—	—	—	—	—	—	—	—	—	—	100%
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	1,074,467	959,918	866,533	863,234	2,875	Dec-31-2009	81,964	76,348	May-27-2005	17,626	Jul-15-2009	4th Quarter 2011	32,585	1st Quarter 2010	3rd Quarter 2010	4th Quarter 2012	100%
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	408,391	407,612	407,552	—	Dec-20-2007	1,076	—	Oct-15-2004	—	—	4th Quarter 2010	14,000	1st Quarter 2010	—	4th Quarter 2010	50%
Licheng Country Garden (荔城碧桂園)	Guangzhou (Zengcheng)	Villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	568,283	519,337	502,554	495,913	—	Apr-17-2009	48,946	47,765	Sep-23-2009	22,119	Sep-30-2009	4th Quarter 2010	—	—	—	—	100%
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	4,984,053	2,780,354	2,657,755	2,489,964	114,099	Dec-15-2009	633,405	609,621	Apr-29-2007	241,232	Apr-30-2008	4th Quarter 2011	1,570,294	1st Quarter 2010	1st Quarter 2010	4th Quarter 2013	100%
Nansha Country Garden (南沙碧桂園)	Guangzhou (Nansha)	Villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	508,396	368,925	346,383	342,372	1,185	Sep-30-2009	139,471	139,206	Jan-29-2007	137,337	Aug-26-2008	3rd Quarter 2010	—	—	—	—	100%
Holiday Islands—Huadu (假日半島—花都)	Guangzhou (Huadu)	Villas, townhouses, low-rise apartment buildings	574,217	230,105	228,492	208,678	—	Mar-27-2009	306,187	299,032	May-11-2006	24,892	Jul-25-2008	2nd Quarter 2011	37,925	1st Quarter 2010	3rd Quarter 2010	2nd Quarter 2011	100%
Country Garden—Lychee Park (碧桂園．荔園)	Guangzhou (Zengcheng)	Townhouses, low-rise apartment buildings, retail shops	86,069	—	—	—	—	—	86,069	85,309	Jul-6-2009	55,745	Aug-14-2009	4th Quarter 2010	—	—	—	—	100%
Country Garden-Grand Garden (碧桂園．豪園)	Guangzhou (Zengcheng)	Townhouses, low-rise apartment buildings, high-rise apartment buildings	135,745	—	—	—	—	—	64,677	64,677	Sep-29-2009	—	1st Quarter 2010	4th Quarter 2010	71,068	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2010	100%
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	2,427,341	2,136,821	1,994,460	1,918,084	3,183	Nov-17-2009	284,393	151,388	Nov-28-2006	13,699	Nov-29-2006	3rd Quarter 2011	6,127	1st Quarter 2010	—	4th Quarter 2010	100%
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	Villas, townhouses, low-rise apartment buildings	254,509	223,593	213,246	213,246	—	Oct-16-2008	—	—	—	—	—	—	30,916	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2011	90%
Peninsula Country Garden (半島碧桂園)	Foshan (Shunde)	Villas, townhouses, low-rise apartment buildings, retail shops	294,330	294,330	287,323	286,021	—	Apr-16-2008	—	—	—	—	—	—	—	—	—	—	100%
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	Villas, townhouses, low-rise apartment buildings, retail shops, parking spaces	1,007,870	493,761	485,453	461,684	7,220	Dec-30-2009	501,109	497,456	May-31-2006	128,872	Jul-10-2008	4th Quarter 2011	13,000	1st Quarter 2010	—	4th Quarter 2010	100%
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	Villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	569,476	488,461	477,954	471,584	618	Dec-30-2009	65,143	64,837	Mar-8-2006	45,577	Nov-7-2009	4th Quarter 2010	15,872	1st Quarter 2010	3rd Quarter 2010	4th Quarter 2010	100%
Country Garden Wonderland (碧桂園山水桃園)	Foshan (Nanhai)	Townhouses, low-rise apartment buildings, high-rise apartment buildings, parking spaces	168,436	—	—	—	—	—	67,691	67,691	Dec-22-2009	—	2nd Quarter 2010	1st Quarter 2011	100,745	1st Quarter 2010	2nd Quarter 2010	2nd Quarter 2012	100%
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	Villas, townhouses, low-rise apartment buildings, retail shops, parking spaces	2,058,395	830,939	814,946	744,230	60,600	Dec-31-2009	491,820	442,163	Jun-4-2008	182,511	Jan-21-2009	2nd Quarter 2011	735,636	1st Quarter 2010	2nd Quarter 2010	2nd Quarter 2012	100%
Country Garden-Park Prime (碧桂園．公園1號)	Jiangmen (Heshan)	Townhouses, low-rise apartment buildings, retail shops	110,120	—	—	—	—	—	58,230	56,494	Jul-9-2009	19,208	Sep-29-2009	4th Quarter 2010	51,890	1st Quarter 2010	3rd Quarter 2010	4th Quarter 2011	100%
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	Villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, parking spaces	932,407	688,755	652,976	644,171	1,193	Sep-29-2009	—	—	—	—	—	—	243,652	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2011	100%
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	Villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	590,667	182,615	180,352	180,316	—	Dec-31-2008	206,174	195,765	Oct-18-2007	156,928	Apr-15-2009	4th Quarter 2010	201,878	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2011	100%
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	Villas, townhouses, low-rise apartment buildings, retail shops, parking spaces	2,697,752	323,985	305,986	218,999	40,257	Dec-15-2009	620,550	615,567	Mar-31-2006	37,761	Feb-1-2008	3rd Quarter 2012	1,753,217	1st Quarter 2010	4th Quarter 2010	1st Quarter 2015	100%
Enping Country Garden (恩平碧桂園)	Jiangmen (Enping)	Townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	311,605	95,086	89,626	51,858	7,538	Dec-30-2009	119,195	117,754	Dec-13-2007	15,883	Apr-23-2008	4th Quarter 2011	97,324	1st Quarter 2010	3rd Quarter 2010	4th Quarter 2012	100%

Project	City (District)	Types of Products	Aggregate GFA for entire project	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	Interest attributable to the Company
			(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	49,439	—	—	—	—	—	29,515	29,345	Nov-4-2009	—	2nd Quarter 2011	4th Quarter 2010	19,924	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2010	100%
Yangdong Country Garden (陽東碧桂園)	Yangjiang (Yangdong)	Villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	391,500	385,735	365,806	341,356	7,366	Aug-20-2009	2,885	2,885	May-31-2006	—	2nd Quarter 2010	3rd Quarter 2010	2,880	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2010	100%
Zhaoqing Lanling Residence (肇慶藍領公寓)	Zhaoqing (Gaoxin)	Low-rise apartment buildings, retail shops	186,145	186,145	20,268	1,670	—	Jun-26-2009	—	—	—	—	—	—	—	—	—	—	100%
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	Townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	369,043	297,731	285,805	263,783	702	Jul-28-2009	40,987	36,988	Oct-8-2006	15,529	Apr-20-2007	2nd Quarter 2010	30,325	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2010	51%
Zhaoqing Country Garden-Hill Lake Palace (肇慶碧桂園．山湖城)	Zhaoqing (Gaoyao)	Townhouses, retail shops	141,716	—	—	—	—	—	83,467	78,024	Jun-1-2009	40,345	Jul-24-2009	4th Quarter 2011	58,249	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2010	51%
Sihui Country Garden (四會碧桂園)	Zhaoqing (Sihui)	Townhouses, low-rise apartment buildings, retail shops	47,082	—	—	—	—	—	47,082	45,473	May-27-2009	38,920	Sep-3-2009	3rd Quarter 2010	—	—	—	—	100%
Huiyang Country Garden (惠陽碧桂園)	Huizhou (Huiyang)	Townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	1,413,228	66,107	65,654	59,848	2,675	Nov-30-2009	697,120	693,506	Aug-22-2007	34,662	Sep-25-2009	4th Quarter 2011	650,001	1st Quarter 2010	2nd Quarter 2010	1st Quarter 2013	90%
Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	Townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	434,441	—	—	—	—	—	171,796	166,230	Sep-12-2008	138,214	Nov-10-2009	2nd Quarter 2011	262,645	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2012	100%
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	Townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	1,797,858	359,585	347,725	282,331	32,470	Dec-28-2009	811,617	802,512	Feb-28-2007	202,733	Sep-29-2007	4th Quarter 2012	626,656	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2015	100%
Lechang Country Garden (樂昌碧桂園)	Shaoguan (Lechang)	Townhouses, low-rise apartment buildings, retail shops	496,899	38,148	38,148	4,679	10,547	Dec-29-2009	106,172	105,814	Oct-23-2007	11,527	Oct-21-2008	4th Quarter 2011	352,579	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2014	100%
Shaoguan Country Garden-Sun Palace (韶關碧桂園．太陽城)	Shaoguan (Xilian)	Townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	3,529,916	—	—	—	—	—	213,854	201,048	Mar-10-2008	73,461	Sep-25-2009	4th Quarter 2011	3,316,062	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2024	100%
Maoming Country Garden (茂名碧桂園)	Maoming (Maonan)	Townhouses, low-rise apartment buildings, retail shops	302,231	—	—	—	—	—	139,901	133,750	Mar-4-2009	55,641	Aug-25-2009	4th Quarter 2010	162,330	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2012	100%
Yangshan Country Garden (陽山碧桂園)	Qingyuan (Yangshan)	Townhouses, low-rise apartment buildings, retail shops	319,273	—	—	—	—	—	59,733	57,524	Dec-1-2008	28,397	Aug-27-2009	4th Quarter 2010	259,540	1st Quarter 2010	1st Quarter 2010	2nd Quarter 2012	100%
Holiday Islands—Qingyuan (假日半島—清遠)	Qingyuan (Qingcheng)	Townhouses	440,997	—	—	—	—	—	152,937	152,351	Nov-11-2009	13,507	Nov-18-2009	1st Quarter 2011	288,060	1st Quarter 2010	1st Quarter 2010	3rd Quarter 2011	100%
Hunan Province																			
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	Villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	922,029	656,072	603,995	447,164	31,683	Sep-3-2009	129,757	123,884	Oct-22-2009	—	Nov-25-2009	2nd Quarter 2011	136,200	1st Quarter 2010	4th Quarter 2010	4th Quarter 2011	100%
Country Garden—Hill Lake Palace (碧桂園．山湖城)	Changsha (Ningxiang)	Townhouses, low-rise apartment buildings, retail shops	269,095	156,826	155,805	64,244	7,559	Sep-16-2009	112,269	86,703	Dec-12-2007	12,387	Aug-22-2009	4th Quarter 2011	—	—	—	—	100%
Liuyang Country Garden (瀏陽碧桂園)	Changsha (Liuyang)	Townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	372,425	—	—	—	—	—	95,205	91,301	Dec-9-2008	33,943	Aug-28-2009	2nd Quarter 2011	277,220	1st Quarter 2010	2nd Quarter 2010	1st Quarter 2013	100%
Yiyang Country Garden (益陽碧桂園)	Yiyang (Yiyang)	Townhouses, low-rise apartment buildings, retail shops	263,456	—	—	—	—	—	67,034	61,371	Apr-2-2009	34,882	Sep-17-2009	4th Quarter 2010	196,422	1st Quarter 2010	2nd Quarter 2010	1st Quarter 2012	100%
Jiangsu Province																			
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	Townhouses, high-rise apartment buildings	852,052	185,025	185,025	102,026	7,365	Dec-11-2009	318,550	315,680	Jun-27-2007	69,338	Feb-5-2008	4th Quarter 2010	348,477	1st Quarter 2010	3rd Quarter 2010	1st Quarter 2015	100%
Hubei Province																			
Wuhan Country Garden (武漢碧桂園)	Wuhan (Hannan)	Townhouses, low-rise apartment buildings, high-rise apartment buildings	744,767	144,124	143,001	99,605	8,227	Dec-29-2009	337,531	320,915	Jan-30-2008	13,309	Sep-29-2008	4th Quarter 2013	263,112	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2013	100%
Xianning Country Garden (咸寧碧桂園)	Xianning (Xian'an)	Townhouses, low-rise apartment buildings, high-rise apartment buildings	432,276	142,727	139,790	62,517	3,808	Aug-27-2009	101,267	101,267	May-23-2008	2,996	Nov-4-2009	3rd Quarter 2011	188,282	1st Quarter 2010	2nd Quarter 2010	1st Quarter 2015	100%

Project	City (District)	Types of Products	Aggregate GFA for entire project	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	Interest attributable to the Company
			(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)		(sq.m)	(sq.m)		(sq.m)			(sq.m)				(%)
Country Garden-Hot Spring City (碧桂園．溫泉城)	Xianning (Xian'an)	Townhouses, low-rise apartment buildings	315,611	—	—	—	—	—	—	—	—	—	—	—	315,611	1st Quarter 2010	2nd Quarter 2010	3rd Quarter 2014	100%
Suizhou Country Garden (隨州碧桂園)	Suizhou (Chengnan)	Townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	1,320,399	141,597	138,312	56,404	22,413	Dec-25-2009	161,965	161,965	May-21-2008	8,199	Jun-23-2008	2nd Quarter 2011	1,016,837	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2018	100%
Jingmen Country Garden (荊門碧桂園)	Jingmen (Duodao)	Townhouses, low-rise apartment buildings, retail shops	251,557	—	—	—	—	—	109,875	109,875	Jan-15-2009	89,330	Apr-20-2009	4th Quarter 2010	141,682	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2010	100%
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	462,496	141,333	138,849	76,347	23,281	Oct-16-2009	244,918	227,518	Nov-5-2007	67,203	Apr-25-2008	4th Quarter 2011	76,245	1st Quarter 2010	1st Quarter 2011	4th Quarter 2011	100%
Anhui Province																			
Country Garden Lakeside City (碧桂園濱湖城)	Chaohu (Zhongmiao)	Townhouses, low-rise apartment buildings, high-rise apartment buildings	780,499	156,609	153,850	124,777	4,508	Nov-9-2009	445,604	378,159	Dec-13-2007	140,148	Dec-10-2008	4th Quarter 2011	178,286	1st Quarter 2010	3rd Quarter 2010	4th Quarter 2012	100%
Country Garden-Hill Lake City (碧桂園．如山湖城)	Chaohu (Hexian)	Townhouses, high-rise apartment buildings	1,242,648	—	—	—	—	—	610,420	585,865	May-9-2008	174,652	Sep-21-2009	4th Quarter 2011	632,228	1st Quarter 2010	1st Quarter 2010	4th Quarter 2016	100%
Chaohu Country Garden (巢湖碧桂園)	Chaohu (Nan'an)	Townhouses, low-rise apartment buildings, high-rise apartment buildings	366,599	54,674	54,674	45,538	7,138	Dec-30-2009	121,593	118,111	Apr-23-2008	29,827	Nov-11-2008	2nd Quarter 2011	190,332	1st Quarter 2010	2nd Quarter 2010	3rd Quarter 2012	100%
Anqing Country Garden (安慶碧桂園)	Anqing (Anqing)	Townhouses, low-rise apartment buildings, high-rise apartment buildings	1,893,748	77,546	77,546	67,570	2,111	Dec-30-2009	233,583	186,421	Jun-19-2008	129,376	Oct-31-2008	4th Quarter 2010	1,582,619	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2014	100%
Chizhou Country Garden (池州碧桂園)	Chizhou (Chizhou)	Townhouses, low-rise apartment buildings, high-rise apartment buildings	417,606	39,718	39,578	23,157	6,495	Dec-17-2009	166,803	165,377	Jan-27-2008	28,767	Sep-28-2008	2nd Quarter 2011	211,085	1st Quarter 2010	2nd Quarter 2010	2nd Quarter 2012	100%
Huangshan Country Garden (黃山碧桂園)	Huangshan (Huangshan)	Townhouses, low-rise apartment buildings, high-rise apartment buildings	334,324	119,260	116,448	88,718	3,489	Nov-30-2009	118,212	115,143	Jul-24-2008	44,444	Apr-30-2009	2nd Quarter 2011	96,852	1st Quarter 2010	3rd Quarter 2010	2nd Quarter 2012	100%
Wuhu Country Garden (蕪湖碧桂園)	Wuhu (Sanshanqu)	Townhouses, low-rise apartment buildings, high-rise apartment buildings	2,539,137	165,977	165,977	79,192	780	Sep-30-2009	440,009	437,877	Jun-25-2008	127,158	Sep-20-2008	4th Quarter 2011	1,933,151	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2024	100%
Liaoning Province																			
Country Garden-Sun Palace (碧桂園．太陽城)	Shenyang (Daoyi)	Townhouses, high-rise apartment buildings	1,079,655	60,668	60,668	57,522	335	Dec-29-2009	576,776	565,853	Jul-21-2007	75,447	Jul-30-2008	4th Quarter 2012	442,211	1st Quarter 2010	2nd Quarter 2011	4th Quarter 2013	100%
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Huashan)	Townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops, parking spaces	1,444,909	169,336	169,336	108,350	5,341	Dec-25-2009	136,644	133,685	Jul-21-2007	32,830	Jun-3-2008	4th Quarter 2010	1,138,929	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2013	100%
Country Garden-Galaxy Palace (碧桂園．銀河城)	Shenyang (Yuhong)	Townhouses, high-rise apartment buildings, retail shops	1,849,249	98,239	94,929	78,052	2,668	Jun-19-2009	588,409	532,145	Mar-19-2008	112,932	Jul-18-2008	4th Quarter 2013	1,162,601	2nd Quarter 2010	3rd Quarter 2010	4th Quarter 2015	100%
Country Garden-Phoenix City (碧桂園．鳳凰城)	Shenyang (Sujiatun)	Townhouses, high-rise apartment buildings, retail shops	1,239,824	186,860	183,786	122,608	2,429	Dec-17-2009	1,026,522	1,021,017	Sep-24-2007	24,705	Nov-4-2008	2nd Quarter 2013	26,442	1st Quarter 2010	3rd Quarter 2010	2nd Quarter 2012	100%
Haicheng Country Garden (海城碧桂園)	Anshan (Haicheng)	Townhouses, low-rise apartment buildings, high-rise apartment buildings	602,523	—	—	—	—	—	361,743	359,594	Oct-25-2007	5,281	Aug-5-2009	4th Quarter 2012	240,780	1st Quarter 2010	3rd Quarter 2011	4th Quarter 2013	100%
Inner Mongolia Autonomous Region																			
Manzhouli Country Garden (滿洲里碧桂園)	Hulunbeier (Manzhouli)	Townhouses, low-rise apartment buildings, retail shops, parking spaces	1,589,264	83,864	83,569	17,027	10,590	Nov-30-2009	292,180	286,242	Jul-23-2007	—	2nd Quarter 2010	4th Quarter 2011	1,213,220	2nd Quarter 2010	2nd Quarter 2011	4th Quarter 2024	100%
Tongliao Country Garden (通遼碧桂園)	Tongliao (Keerqin)	Townhouses, low-rise apartment buildings, high-rise apartment buildings	1,635,177	63,864	63,864	32,319	14,723	Oct-29-2009	500,369	497,465	Nov-3-2007	9,499	Aug-20-2008	4th Quarter 2013	1,070,944	2nd Quarter 2010	3rd Quarter 2010	4th Quarter 2016	100%
Xing'anmeng Country Garden (興安盟碧桂園)	Xing'anmeng (Keyouqianqi)	Townhouses, low-rise apartment buildings, high-rise apartment buildings	941,645	79,049	71,901	5,696	8,190	Oct-10-2009	226,694	226,694	Sep-20-2007	235	Jul-23-2008	2nd Quarter 2012	635,902	3rd Quarter 2010	2nd Quarter 2011	4th Quarter 2016	100%

Project	City (District)	Types of Products	Aggregate GFA for entire project	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	Interest attributable to the Company
			(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)		(sq.m)	(sq.m)		(sq.m)			(sq.m)				(%)
Heilongjiang Province																			
Suihua Country Garden (綏化碧桂園)	Suihua (Beilin)	Townhouses, low-rise apartment buildings, retail shops, parking spaces	269,133	50,063	50,063	9,798	1,458	Nov-30-2009	39,519	39,519	Sep-25-2008	3,459	Jun-29-2009	3rd Quarter 2010	179,551	1st Quarter 2010	4th Quarter 2010	4th Quarter 2011	100%
Tianjin Municipality																			
Tianjin Country Garden (天津碧桂園)	Tianjin (Balitai)	Townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops	538,510	—	—	—	—	—	—	—	—	—	—	—	538,510	1st Quarter 2010	2nd Quarter 2010	3rd Quarter 2014	100%
Tianjin Tanggu District Office Project (天津塘沽區寫字樓)	Tianjin (Tanggu)	Office space	116,164	—	—	—	—	—	—	—	—	—	—	—	116,164	1st Quarter 2010	—	4th Quarter 2011	100%
Total:			55,332,206	15,851,642	15,038,585	13,226,204	467,119		13,896,617	13,286,169		3,022,673			25,583,947				

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, 2009, our project companies had entered into land grant contracts in respect of land in various cities in Guangdong Province, Changsha City and Yiyang City in Hunan Province, Shenyang City and Anshan City in Liaoning Province, Chaohu City in Anhui Province, Suizhou City and Jingmen City in Hubei Province, Yulin City in Guangxi Province and Tianjin Municipality, with an aggregate site area of approximately 12,617,099 sq.m., for which we had not yet obtained the relevant land use rights certificates, with an aggregate expected GFA of approximately 15,395,541 sq.m. for future development. We intend to obtain land use rights certificates in respect of these parcels of land after making full payment of the land premium according to the relevant land grant contracts. However, we cannot assure you 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, 2009. 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**
Foshan City (Gaoming), Guangdong Province	387,933	350,000
Jiangmen City (Heshan), Guangdong Province	41,316	41,316
Zhaoqing City (Gaoyao), Guangdong Province	51,445	51,445
Shaoguan City (Lechang), Guangdong Province	472,429	474,239
Shenyang City (Huashan), Liaoning Province	16,845	20,214
Shenyang City (Yuhong), Liaoning Province	549,724	1,358,744
Changsha City (Ningxiang), Hunan Province	374,115	435,629
Chaohu City (Zhongmiao), Anhui Province	336,903	140,000
Shaoguan City (Xilian), Guangdong Province	138,831	138,831
Anshan City (Haicheng), Liaoning Province	96,720	124,177
Chaohu City (Hexian), Anhui Province	832,213	619,814
Zhaoqing City (Sihui), Guangdong Province	101,227	82,043
Suizhou City (Chengnan), Hubei Province	92,407	99,327
Yiyang City (Yiyang), Hunan Province	333,339	333,902
Chaohu City (Nan'an), Anhui Province	295,079	292,128
Changsha City (Liuyang), Hunan Province	193,700	171,213
Maoming City (Maonan), Guangdong Province	155,814	130,106
Qingyuan City (Yangshan), Guangdong Province	306,426	276,306
Tianjin Municipality (Balitai), Tianjin Municipality	103,576	102,715
Jingmen City (Duodao), Hubei Province	746,487	497,043
Zhaoqing City (Gaoyao), Guangdong Province	92,085	69,154
Guangzhou City (Zengcheng), Guangdong Province	731,525	1,097,288
Dongguan City (Dalang), Guangdong Province	236,660	349,927
Guangzhou City (Nansha), Guangdong Province	63,726	160,146
Zhaoqing City (Huaiji), Guangdong Province	134,316	120,269
Foshan City (Chancheng), Guangdong Province	96,792	580,752
Foshan City (Shunde), Guangdong Province	168,936	354,672
Zhaoqing City (Deqing), Guangdong Province	171,463	198,279
Yunfu City (Jinshan), Guangdong Province	364,785	547,178
Yulin City (Beiliu), Guangxi Province	400,700	400,700
Jiangmen City (Jianghai), Guangdong Province	232,494	521,178
Jiangmen City (Xinhui), Guangdong Province	183,325	419,496
Maoming City (Dianbai), Guangdong Province	2,666,667	2,666,667
Huizhou City (Huidong), Guangdong Province	1,447,096	2,170,643
Total	**12,617,099**	**15,395,541**

Subsequent to December 31, 2009 and as of February 28, 2010, we entered into land grant or transfer documents in relation to two additional parcels of land in Qingyuan City in Guangdong Province and Changsha City in Hunan Province. These parcels of land have an aggregate site area of approximately 942,406 sq.m. and estimated total GFA of approximately 619,690 sq.m. As of the same date, we had paid land premium in the aggregate amount of approximately RMB168 million in respect of such land, with approximately RMB95 million of land premium outstanding.

Description of our property projects

The following map shows the locations of our 65 projects as of December 31, 2009.

The following sets forth brief descriptions of our 65 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, 2009, 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 comprised 2,761 residential flats 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, 2009, 2,757 residential flats with an aggregate saleable GFA of approximately 234,880 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised four residential flats, with an aggregate GFA of approximately 371 sq.m., and 56 retail shops with an aggregate GFA of approximately 3,609 sq.m.

As of December 31, 2009, there was no property under development in Country Garden East Court.

As of December 31, 2009, 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, 2009, the total development costs of Country Garden East Court (including the costs of land acquisition and construction) incurred 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 in 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, 2009, 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 comprised 2,093 residential flats with an aggregate saleable GFA of approximately 273,702 sq.m. As of December 31, 2009, 2,066 residential flats with an aggregate saleable GFA of approximately 271,120 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 27 residential flats with an aggregate GFA of approximately 2,582 sq.m.

As of December 31, 2009, there was no property under development or held for future development in Shawan Country Garden.

As of December 31, 2009, the total development costs of Shawan Country Garden (including the costs of land acquisition and construction) incurred were RMB1,004.2 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 are located on Ying Bin Road, Nan Cun Town, Panyu District, Guangzhou City. They are 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 1,074,467 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 1,068,577 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 959,918 sq.m. Construction of these properties commenced on July 30, 1999 and was completed on December 31, 2009. The completed properties comprised 5,700 residential flats with an aggregate saleable GFA of approximately 850,192 sq.m. and 161 retail shops with an aggregate saleable GFA of approximately 16,341 sq.m. As of December 31, 2009, 5,691 residential flats, with an aggregate saleable GFA of approximately 847,757 sq.m. as well as 145 retail shops with an aggregate saleable GFA of approximately 15,477 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised nine residential units with an aggregate saleable GFA of approximately 2,435 sq.m. and 16 retail shops with an aggregate saleable GFA of approximately 864 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 57,253 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 81,964 sq.m. Construction of these properties commenced on May 27, 2005 and is expected to be completed in the fourth quarter of 2011. Upon completion, there will be 777 residential flats with an aggregate saleable GFA of approximately 76,348 sq.m.

As of, December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 7,488 sq.m. and had an expected aggregate GFA of approximately 32,585 sq.m.

As of December 31, 2009, the total development costs of Huanan Country Garden—Phases One to Five and Phase Seven (including the costs of land acquisition and construction) incurred were RMB3174.5 million.

Huanan Country Garden—Phases One to Five and Phase Seven offer various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings and retail shops. Huanan Country Garden—Phases One to Five and Phase Seven feature 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 have 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, 2009, 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 comprised 2,500 residential flats with an aggregate saleable GFA of approximately 407,552 sq.m. and one retail shop with an aggregate saleable GFA of approximately 60 sq.m. As of December 31, 2009, 2,500 residential flats 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, 2009, 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 2010.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 28,000 sq.m. and were planned to be used for the construction of a primary school and kindergarten with an aggregate GFA of approximately 14,000 sq.m.

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

As of December 31, 2009, the total development costs of Huanan Country Garden—Phase Six (including the cost of land acquisition and construction) incurred were RMB1,307.1 million.

This development 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 both saleable and non-saleable GFA) of approximately 568,283 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 733,666 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 519,337 sq.m. Construction of these properties commenced on August 31, 2001 and was completed on April 17, 2009. The completed properties comprised 3,102 residential flats with an aggregate saleable GFA of approximately 471,852 sq.m. as well as 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, 2009, 3,102 residential flats with an aggregate saleable GFA of approximately 471,852 sq.m. as well as 368 retail shops with an aggregate saleable GFA of approximately 19,249 sq.m. and 333 parking spaces with an aggregate saleable GFA of approximately 4,812 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised four retail shops with an aggregate saleable GFA of approximately 189 sq.m. and 975 parking spaces with an aggregate saleable GFA of approximately 6,452 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 74,725 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 48,946 sq.m. Construction of these properties commenced on September 23, 2009 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 200 residential flats with an aggregate saleable GFA of approximately 47,765 sq.m.

As of December 31, 2009, there was no property held for future development in Licheng Country Garden.

As of December 31, 2009, the total development costs of Licheng Country Garden (including the costs of land acquisition and construction) incurred were RMB1,677.4 million.

This development offers various types of products including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, parking spaces and retail shops. 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 4,984,053 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 5,080,411 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 2,780,354 sq.m. Construction of these properties commenced on November 5, 2001 and was completed on December 15, 2009. The completed properties comprised 14,822 residential flats with an aggregate saleable GFA of approximately 2,613,245 sq.m. as well as 518 retail shops with an aggregate saleable GFA of approximately 42,895 sq.m. and 128 parking spaces with an aggregate saleable GFA of approximately 1,615 sq.m. As of December 31, 2009, 13,628 residential flats with an aggregate saleable GFA of approximately 2,451,106 sq.m. as well as 489 retail shops with an aggregate saleable GFA of approximately 38,421 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 1,194 residential units with an aggregate saleable GFA of approximately 162,139 sq.m. and 29 retail shops with an aggregate saleable GFA of approximately 4,474 sq.m. and 96 parking spaces with an aggregate GFA of approximately 1,178 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 356,811 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 633,405 sq.m. Construction of these properties commenced on April 29, 2007 and is expected to be completed in the fourth quarter of 2011. Upon completion, there will be 5,035 residential flats with an aggregate saleable GFA of approximately 565,475 sq.m. and 375 retail shops with an aggregate saleable GFA of approximately 26,230 sq.m. and 616 parking spaces with an aggregate GFA of approximately 17,916 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 702,673 sq.m. and had an expected aggregate GFA of approximately 1,570,294 sq.m.

As of December 31, 2009, the total development costs of Country Garden Phoenix City (including the costs of land acquisition and construction) incurred were RMB11,399.1 million.

Country Garden Phoenix City offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, parking spaces and retail shops. 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 (參政消息), Diamond Quality Real Estate Development (鑽石級優質樓盤) by the Guangdong Branch of China Construction Bank (中國建設銀行廣東省分行) and Guangdong Housing Association (廣東房協) and 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 the Guangzhou Local Taxation Bureau (廣州市地方稅局), 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 508,396 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 339,178 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 368,925 sq.m. Construction of these properties commenced on September 29, 2004 and was completed on September 30, 2009. The completed properties comprised 2,601 residential flats with an aggregate saleable GFA of approximately 341,921 sq.m. as well as 92 retail shops with an aggregate saleable GFA of approximately 4,462 sq.m. As of December 31, 2009, 2,591 residential flats with an aggregate GFA of approximately 339,653 sq.m. and 76 retail shops with an aggregate GFA of approximately 2,719 sq.m. had been sold. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 10 residential flats with an aggregate GFA of approximately 2,268 sq.m. and 16 retail shops with an aggregate GFA of approximately 1,743 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 48,667 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 139,471 sq.m. Construction of these properties commenced on January 29, 2007 and is expected to be completed in the third quarter of 2010. Upon completion, there will be 1,018 residential flats with an aggregate saleable GFA of approximately 139,206 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 28,812 sq.m.

As of December 31, 2009, the total development costs of Nansha Country Garden (including the costs of land acquisition and construction) incurred were RMB1,557.0 million.

Nansha Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, parking spaces and retail shops. 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).

Holiday Islands—Huadu (假日半島—花都)

Holiday Islands—Huadu is located on 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 574,217 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 535,600 sq.m. and had aggregate GFA (including saleable and non-saleable GFA) of approximately 230,105 sq.m. Construction of these properties commenced on January 11, 2006 and was completed on March 27, 2009. The completed properties comprise 799 residential flats with an aggregate saleable GFA of approximately 228,492 sq.m. As of December 31, 2009, 763 residential flats with aggregate saleable GFA of approximately 208,678 had been sold and delivered. The new completed properties, which included sold but undelivered properties and unsold properties, comprised 36 residential flats with an aggregate sale GFA of approximately 19,814 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 361,300 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 306,187 sq.m. Construction of these properties commenced on May 11, 2006 and is expected to be completed in the second quarter of 2011. Upon completion, there will be 2,556 residential flats with an aggregate saleable GFA of approximately 299,032 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 40,961 sq.m. and had an expected aggregate GFA of approximately 37,925 sq.m.

As of December 31, 2009, the total development costs of Holiday Islands—Huadu (including the costs of land acquisition and construction) incurred were RMB1,276.6 million.

Holiday Islands—Huadu offers various types of products including villas, townhouses, 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 on 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. This development occupies an aggregate site area of approximately 92,965 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 86,069 sq.m.

As of December 31, 2009, there was no completed property in Country Garden—Lychee Park.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 92,965 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 86,069 sq.m. Construction of these properties commenced on July 6, 2009 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 564 residential flats with an aggregate saleable GFA of approximately 77,671 sq.m. and 167 retail shops with an aggregate saleable GFA of approximately 7,638 sq.m.

As of December 31, 2009, there was no property held for future development in Country Garden—Lychee Park.

As of December 31, 2009, the total development costs of Country Garden—Lychee Park (including the costs of land acquisition) incurred were RMB232.8 million.

Country Garden—Lychee Park is expected to offer 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 in Shitan Town, Zengcheng District, Guangzhou City. It is being developed by Zengcheng Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 196,717 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 135,745 sq.m.

As of December 31, 2009, there was no completed property in Country Garden—Grand Garden.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 118,131 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 64,677 sq.m. Construction of these properties commenced on September 29, 2009 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 258 residential flats with an aggregate saleable GFA of approximately 64,677 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 78,586 sq.m., with an expected GFA (including saleable and non-saleable GFA) of approximately 71,068 sq.m.

As of December 31, 2009, the total development costs of Country Garden—Grand Garden (including the costs of land acquisition) incurred were RMB243.8 million.

Country Garden—Grand Garden is expected to offer townhouses, low-rise apartment buildings and high-rise apartment buildings in the future.

Foshan City, Guangdong Province

Shunde Country Garden—including Country Garden West Bijiang 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 3,035,287 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 2,427,341 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 2,894,263 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 2,136,821 sq.m. Construction of these properties commenced in 1992 and was completed on November 17, 2009. The completed properties comprised 13,627 residential flats, with an aggregate saleable GFA of approximately 1,954,190 sq.m., 36 retail shops with an aggregate saleable GFA of approximately 10,625 sq.m., an office building with an aggregate saleable GFA of approximately 18,666 sq.m. and a hotel with an aggregate saleable GFA of approximately 10,979 sq.m. As of December 31, 2009, 13,515 residential flats with an aggregate saleable GFA of approximately 1,917,544 sq.m. and two retail shops with a 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 112 residential flats with an aggregate saleable GFA of approximately 36,646 sq.m., 34 retail shops with an aggregate saleable GFA of approximately 10,085 sq.m., an office building with an aggregate saleable GFA of approximately 18,666 sq.m. and a hotel with total aggregate saleable GFA of approximately 10,979 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 132,581 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 284,393 sq.m. Construction of these properties commenced on November 28, 2006 and is expected to be completed in the third quarter of 2011. Upon completion, there will be 1,346 residential flats with an aggregate saleable GFA of approximately 151,388 sq.m.

As of December 31, 2009, 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, 2009, the total development costs of Shunde Country Garden (including the costs of land acquisition and construction) incurred were RMB6,201.4 million.

Shunde Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings and high-rise apartment buildings, parking spaces, as well as retail shops. 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) and 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) and 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, 2009, 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 comprised 1,407 residential flats with an aggregate saleable GFA of approximately 213,246 sq.m. As of December 31, 2009, all 1,407 residential flats had been sold and delivered.

As of December 31, 2009, there was no property under development in Jun'an Country Garden.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 32,098 sq.m. and had an expected aggregate GFA of approximately 30,916 sq.m.

As of December 31, 2009, the total development costs of Jun'an Country Garden (including the costs of land acquisition and construction) incurred were RMB790 million.

Jun'an Country Garden offers 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, 2009, 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 comprised 1,105 residential flats with an aggregate saleable GFA of approximately 287,043 sq.m. as well as one retail shop with a saleable GFA of approximately 280 sq.m. As of December 31, 2009, 1,104 residential flats 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 one residential flat with a saleable GFA of approximately 1,022 sq.m. and one retail shop with a saleable GFA of approximately 280 sq.m.

As of December 31, 2009, there was no property under development or held for future development in Peninsula Country Garden.

As of December 31, 2009, the total development costs of Peninsula Country Garden (including the costs of land acquisition and construction) incurred were RMB947.5 million.

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

Foshan City, Guangdong Province

Gaoming Country Garden (高明碧桂園)

Gaoming Country Garden is located on 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 1,007,870 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 734,403 sq.m. and had an aggregate GFA (including saleable and non-saleable

GFA) of approximately 493,761 sq.m. Construction of these properties commenced on July 28, 2004 and was completed on December 30, 2009. The completed properties comprised 2,953 residential flats with an aggregate saleable GFA of approximately 480,412 sq.m. as well as 129 retail shops with an aggregate saleable GFA of approximately 5,041 sq.m. As of December 31, 2009, 2,869 residential flats with an aggregate saleable GFA of approximately 461,048 sq.m. as well as 17 retail shops with an aggregate saleable GFA of approximately 636 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 84 residential flat with a saleable GFA of approximately 19,364 sq.m. and 112 retail shops with an aggregate saleable GFA of approximately 4,405 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 1,027,189 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 501,109 sq.m. Construction of these properties commenced on May 31, 2006 and is expected to be completed in the fourth quarter of 2011. Upon completion, there will be 2,313 residential flats with an aggregate saleable GFA of approximately 497,456 sq.m.

As of December 31, 2009, 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, 2009, the total development costs of Gaoming Country Garden (including the costs of land acquisition and construction) incurred were RMB2,888.5 million.

Gaoming Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings parking spaces and retail shops. 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 a five-star 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 569,476 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 458,171 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 488,461 sq.m. Construction of these properties commenced on June 27, 2005 and was completed on December 30, 2009. The completed properties comprised 1,865 residential flats with an aggregate saleable GFA of approximately 475,446 sq.m. and 20 retail shops with an aggregate saleable GFA of approximately 2,508 sq.m. As of December 31, 2009, 1,856 residential flats with an aggregate GFA of 471,073 sq.m. as well as 15 retail shops with an aggregate saleable GFA of approximately 511 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised nine residential flats with an aggregate saleable GFA of approximately 4,373 sq.m. and five retail shops with an aggregate saleable GFA of approximately 1,997 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 22,523 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 65,143 sq.m. Construction of these properties commenced on March 8, 2006 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 308 residential flats with an aggregate saleable GFA of approximately 64,837 sq.m.

As of December 31, 2009, 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, 2009, the total development costs of Nanhai Country Garden (including the costs of land acquisition and construction) incurred were RMB2,158.1 million.

Nanhai Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, parking spaces and retail shops. 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 in Lishui Town, Nanhai District, Foshan City. It is being developed by Foshan Nanhai Wonderland Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 87,246 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 168,436 sq.m.

As of December 31, 2009, there was no completed property in Country Garden Wonderland.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 58,118 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 67,691 sq.m. Construction of these properties commenced on December 22, 2009 and is expected to be completed in the first quarter of 2011. Upon completion, there will be 566 residential flats with an aggregate saleable GFA of approximately 67,691 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 29,128 sq.m., with an expected GFA (including saleable and non-saleable GFA) of approximately 100,745 sq.m.

As of December 31, 2009, the total development costs of Country Garden Wonderland (including the costs of land acquisition) incurred were RMB50 million.

Country Garden Wonderland is expected to offer townhouses, low-rise apartment buildings, high-rise apartment buildings and parking spaces in the future.

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 2,058,395 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 1,506,893 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 830,939 sq.m. Construction of these properties commenced on March 26, 2004 and was completed on December 31, 2009. The completed properties comprised 4,802 residential flats with an aggregate saleable GFA of approximately 792,038 sq.m. and 290 retail shops with an aggregate saleable GFA of approximately 22,908 sq.m. As of December 31, 2009, 4,448 residential flats with an aggregate saleable GFA of approximately 732,980 sq.m. as well as 181 retail shops with an aggregate GFA of approximately 11,250 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 354 residential flats with an aggregate GFA of approximately 59,058 sq.m. as well as 109 retail shops with an aggregate GFA of approximately 11,658 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 782,125 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 491,820 sq.m. Construction of these properties commenced on June 4, 2008 and is expected to be completed in the second quarter of 2011. Upon completion, there will be 2,203 residential flats with an aggregate saleable GFA of approximately 442,163 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 1,180,503 sq.m. and had an expected aggregate GFA of approximately 735,636 sq.m.

As of December 31, 2009, the total development costs of Heshan Country Garden (including the costs of land acquisition and construction) incurred were RMB3,520.6 million.

Heshan Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, parking spaces and retail shops. This development features a five-star Heshan Country Garden Phoenix Hotel (鶴山市碧桂園鳳凰酒店) 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) and the Diamond Quality Real Estate Development (鑽石級優質樓盤) by China Construction Bank Guangdong (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 of 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. This development occupies an aggregate site area of approximately 134,897 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 110,120 sq.m.

As of December 31, 2009, there was no completed property in Country Garden—Park Prime.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 66,900 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 58,230 sq.m. Construction of these properties commenced on July 9, 2009 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 363 residential flats with an aggregate saleable GFA of approximately 51,795 sq.m. and 70 retail shops with an aggregate saleable GFA of approximately 4,699 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 67,997 sq.m., with an expected GFA (including saleable and non-saleable) of approximately 51,890 sq.m.

As of December 31, 2009, the total development costs of Country Garden—Park Prime (including the costs of land acquisition) incurred were RMB160.6 million.

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

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 932,407 sq.m.

As of December 31, 2009, 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 comprised 3,392 residential flats with an aggregate saleable GFA of approximately 652,976 sq.m. As of December 31, 2009, 3,377 residential flats with an aggregate saleable GFA of approximately 644,171 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 15 residential flats with an aggregate saleable GFA of approximately 8,805 sq.m.

As of December 31, 2009, there was no property under development in Wuyi Country Garden.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 160,592 sq.m. and had an expected aggregate GFA of approximately 243,652 sq.m.

As of December 31, 2009, the total development costs of Wuyi Country Garden (including the costs of land acquisition and construction) incurred were RMB2,536.9 million.

Wuyi Country Garden offers various types of products including villas, townhouses, low-rise apartment buildings, parking spaces and high-rise apartment buildings. This development features Wuyi Country Garden Phoenix Hotel (五邑碧桂園鳳凰酒店), a hotel built to a 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 590,667 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 221,473 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 182,615 sq.m. Construction of these properties commenced on November 7, 2005 and was completed on December 31, 2008. The completed properties comprised 943 residential flats with an aggregate saleable GFA of approximately 174,275 sq.m. as well as 132 retail shops with an aggregate saleable GFA of approximately 6,077 sq.m. As of December 31, 2009, 943 residential flats with an aggregate saleable GFA of approximately 174,275 sq.m. as well as 131 retail shops, with an aggregate saleable GFA of approximately 6,041 sq.m. had been sold and delivered. The remaining completed properties comprised one retail shop with an aggregate saleable GFA of approximately 36 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 75,191 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 206,174 sq.m. Construction of these properties commenced on October 18, 2007 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 1,250 residential flats with an aggregate saleable GFA of approximately 195,765 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 60,098 sq.m. and had an expected aggregate GFA of approximately 201,878 sq.m.

As of December 31, 2009, the total development costs of Xinhui Country Garden (including the costs of land acquisition and construction) incurred were RMB1,115.2 million.

Xinhui Country Garden offers various types of products, including villas, townhouses and low-rise apartment buildings, high-rise apartment buildings, parking spaces and retail shops. This development features Xinhui Country Garden Phoenix Hotel (新會碧桂園鳳凰酒店), which has been developed to 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 2,697,752 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 572,543 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 323,985 sq.m. Construction of these properties commenced on March 31, 2006 and was completed on December 15, 2009. The completed properties comprised 1,683 residential flats with an aggregate saleable GFA of approximately 286,589 sq.m. and 347 retail shops with an aggregate saleable GFA of approximately 19,397 sq.m. As of December 31, 2009, 1,320 residential flats with aggregate saleable GFA of approximately 208,134 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 363 residential flat with an aggregate GFA of 78,455 sq.m. as well as 90 retail shops with an aggregate approximately 8,532 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 1,192,736 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 620,550 sq.m. Construction of these properties commenced on March 31, 2006 and is expected to be completed in the third quarter of 2012. Upon completion, there will be 2,762 residential flats with an aggregate saleable GFA of approximately 609,406 sq.m. as well as 144 retail shops with an aggregate saleable GFA of approximately 6,161 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 2,511,943 sq.m. and had an expected aggregate GFA of approximately 1,753,217 sq.m.

As of December 31, 2009, the total development costs of Taishan Country Garden (including the costs of land acquisition and construction) incurred were RMB2,042.1 million.

Taishan Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, parking spaces and retail shops, and is expected to offer high-rise apartment building in the future. This development features Taishan Country Garden Phoenix Hotel (台山碧桂園鳳凰酒店), a hotel built to a 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 on 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. This development 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 311,605 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 163,553 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 95,086 sq.m. Construction of these properties commenced on November 1, 2007 and was completed on December 30, 2009. The completed properties comprised 370 residential flats with an aggregate saleable GFA of approximately 87,364 sq.m. as well as 43 retail shops with an aggregate saleable GFA of approximately 2,262 sq.m. As of December 31, 2009, 225 residential flats with an aggregate saleable GFA of approximately 50,292 sq.m. as well as 30 retail shops, with an aggregate saleable GFA of approximately 1,566 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 145 residential units with an aggregate saleable GFA of approximately 37,072 sq.m. and 13 retail shops with an aggregate saleable GFA of approximately 696 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 142,752 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 119,195 sq.m. Construction of these properties commenced on December 13, 2007 and is expected to be completed in the fourth quarter of 2011. Upon completion, there will be 614 residential flats with an aggregate saleable GFA of approximately 115,058 sq.m. and there will be 53 retail shops with an aggregate saleable GFA of approximately 2,696 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 94,360 sq.m. and had an expected aggregate GFA of approximately 97,324 sq.m.

As of December 31, 2009, the total development costs of Enping Country Garden (including the costs of land acquisition and construction) incurred were RMB674.6 million.

Enping Country Garden offers 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 in the Sanbu Zone, Kaiping District, Jiangmen City. It is being developed by Kaiping Xinzhihe Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 51,107 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 49,439 sq.m.

As of December 31, 2009, there was no completed property in Country Garden—Sunshine Coast.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 35,667 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 29,515 sq.m. Construction of these properties commenced on November 4, 2009 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 131 residential flats with an aggregate saleable GFA of approximately 28,345 sq.m. and there will be 22 retail shops with an aggregate saleable GFA of approximately 1,000 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 15,440 sq.m., with an expected GFA (including saleable and non-saleable GFA) of approximately 19,924 sq.m.

As of December 31, 2009, the total development costs of Country Garden—Sunshine Coast (including the costs of land acquisition) incurred were RMB27 million.

Country Garden—Sunshine Coast is expected to offer townhouses, low-rise apartment buildings and retail shops in the future.

Yangjiang City, Guangdong Province

Yangdong Country Garden (陽東碧桂園)

Yangdong Country Garden is located on 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 391,500 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 569,310 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 385,735 sq.m. Construction of these properties commenced on April 29, 2005 and was completed on August 20, 2009. The completed properties comprised 1,930 residential flats with an aggregate saleable GFA of approximately 342,804 sq.m. and 208 retail shops with an aggregate saleable GFA of approximately 23,002 sq.m. As of December 31, 2009, 1,895 residential flats with an aggregate saleable GFA of approximately 332,749 sq.m. as well as 107 retail shops with a saleable GFA of approximately 8,607 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 35 residential flats with an aggregate GFA of approximately 10,055 sq.m. and 101 retail shops with an aggregate GFA of approximately 14,395 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 5,071 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 2,885 sq.m. Construction of these properties commenced on May 31, 2006 and is expected to be completed in the third quarter of 2010. Upon completion, there will be 8 residential flats with an aggregate saleable GFA of approximately 2,713 sq.m. as well as 2 retail shops with an aggregate saleable GFA of approximately 172 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 2,688 sq.m., with an expected GFA (including saleable and non-saleable GFA) of approximately 2,880 sq.m.

As of December 31, 2009, the total development costs of Yangdong Country Garden (including the costs of land acquisition and construction) incurred were RMB1,299.2 million.

Yangdong Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, parking spaces and retail shops. 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, 2009, 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 comprised low-rise apartment buildings for rent with an aggregate GFA of approximately 165,877 sq.m. and 254 retail shops with an aggregate saleable GFA of approximately 20,268 sq.m. As of December 31, 2009, 34 retail shops with an aggregate saleable GFA of approximately 1,670 sq.m. had been sold and delivered. The remaining completed properties which included sold but undelivered properties and unsold properties, comprised 220 retail shops with an aggregate GFA of approximately 18,598 sq.m.

As of December 31, 2009, there was no property under or held for future development in Zhaoqing Lanling Residence.

As of December 31, 2009, the total development costs of Zhaoqing Lanling Residence (including the costs of land acquisition and construction) incurred were RMB383.4 million.

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. This development occupies an aggregate site area of approximately 650,877 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 369,043 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 452,523 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of 297,731 sq.m. Construction of these properties commenced on September 19, 2006 and was completed on July 28, 2009. The completed properties comprised 1,388 residential flats with an aggregate saleable GFA of approximately 284,339 sq.m. and 30 retail shops with an aggregate saleable GFA of approximately 1,466 sq.m. As of December 31, 2009, 1,301 residential flats with an aggregate saleable GFA of approximately 262,464 sq.m. as well as 27 retail shops with an aggregate GFA of approximately 1,319 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered and unsold properties, comprised 87 residential flats with an aggregate GFA of approximately 21,875 sq.m. and 3 retail shops with an aggregate GFA of approximately 147 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 84,477 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 40,987 sq.m. Construction of these properties commenced on October 8, 2006 and is expected to be completed in the second quarter of 2010. Upon completion, there will be 130 residential flats with an aggregate saleable GFA of approximately 36,988 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 113,877 sq.m. and had an expected aggregate GFA of approximately 30,325 sq.m.

As of December 31, 2009, the total development costs of Zhaoqing Country Garden (including the costs of land acquisition and construction) incurred were RMB999.2 million.

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

This development features a hotel developed to the five-star rating standards, Zhaoqing Country Garden Phoenix Hotel (肇慶碧桂園鳳凰酒店). The development 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 in 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. This development occupies an aggregate site area of approximately 185,664 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 141,716 sq.m.

As of December 31, 2009, there was no completed property in Zhaoqing Country Garden—Hill Lake Palace.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 108,100 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 83,467 sq.m. Construction of these properties commenced on June 1, 2009 and is expected to be completed in the fourth quarter of 2011. Upon completion, there will be 328 residential flats with an aggregate saleable GFA of approximately 73,551 sq.m. as well as 78 retail shops with an aggregate saleable GFA of approximately 4,473 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 77,564 sq.m., with an expected GFA (including saleable and non-saleable) of approximately 58,249 sq.m.

As of December 31, 2009, the total development costs of Zhaoqing Country Garden—Hill Lake Palace (including the costs of land acquisition and construction) incurred were RMB190.9 million.

Zhaoqing Country Garden—Hill Lake Palace offers townhouses, and is expected to offer retail shops 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. This development occupies an aggregate site area of approximately 56,106 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 47,082 sq.m.

As of December 31, 2009, there was no completed property in Sihui Country Garden.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 56,106 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 47,082 sq.m. Construction of these properties commenced on May 27, 2009 and is expected to be completed in the third quarter of 2010. Upon completion, there will be 256 residential flats with an aggregate saleable GFA of approximately 44,210 sq.m. as well as 28 retail shops with an aggregate saleable GFA of approximately 1,263 sq.m.

As of December 31, 2009, there was no property held for future development in Sihui Country Garden.

As of December 31, 2009, the total development costs of Sihui Country Garden (including the costs of land acquisition) incurred were RMB83.2 million.

Sihui Country Garden offers townhouses, low-rise apartment buildings and retail shops.

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. This development occupies an aggregate site area of approximately 1,140,025 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,413,228 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 112,797 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of 66,107 sq.m. Construction of these properties commenced on August 22, 2007 and was completed on November 30, 2009. The completed properties comprised 168 residential flats with an aggregate saleable GFA of approximately 65,654 sq.m. As of December 31, 2009, 153 residential flats with an aggregate saleable GFA of approximately 59,848 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered and unsold properties, comprised 15 residential flats with an aggregate GFA of approximately 5,806 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 429,916 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 697,120 sq.m. Construction of these properties commenced on August 22, 2007 and is expected to be completed in the fourth quarter of 2011. Upon completion, there will be 5,494 residential flats with an aggregate saleable GFA of approximately 692,751 sq.m. as well as 15 retail shops with an aggregate saleable GFA of approximately 755 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 597,312 sq.m. and had an expected aggregate GFA of approximately 650,001 sq.m.

As of December 31, 2009, the total development costs of Huiyang Country Garden (including the costs of land acquisition) incurred were RMB544.8 million.

Huiyang Country Garden offers townhouses, low-rise apartment buildings, and is expected to offer high-rise apartment buildings and retail shops in the future.

Shanwei City, Guangdong Province

Shanwei Country Garden (汕尾碧桂園)

Shanwei Country Garden is located in Shanwei City, close to Pinqing Lake. It is being developed by Shanwei Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 309,422 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 434,441 sq.m.

As of December 31, 2009, there was no completed property in Shanwei Country Garden.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 198,397 sq.m., and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 171,796 sq.m. Construction of these properties commenced on September 12, 2008 and is expected to be completed in the second quarter of 2011. Upon completion, there will be 835 residential flats, with an aggregate saleable GFA of approximately 164,822 sq.m. as well as 28 retail shops with an aggregate saleable GFA of approximately 1,408 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 111,025 sq.m., with an expected GFA (including saleable and non-saleable GFA) of approximately 262,645 sq.m.

As of December 31, 2009, the total development costs of Shanwei Country Garden (including the costs of land acquisition) incurred were RMB359.5 million.

Shanwei Country Garden offers townhouses, low-rise apartment buildings, and is expected to offer high-rise apartment buildings and retail shops in the future.

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. This development 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 1,797,858 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 641,219 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 359,585 sq.m. Construction of these properties commenced on January 17, 2007 and was completed on December 28, 2009. The completed properties comprised 1,763 residential flats with an aggregate saleable GFA of approximately 344,812 sq.m. as well as 70 retail shops with an aggregate saleable GFA of approximately 2,913 sq.m. As of December 31, 2009, 1,533 residential flats with an aggregate saleable GFA of approximately 279,418 sq.m. had been sold and delivered as well as 70 retail shops with an aggregate saleable GFA of approximately 2,913 sq.m. The remaining completed properties, which includes sold but undelivered properties and unsold properties, comprised 230 residential flats with an aggregate GFA of approximately 65,394 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site are of approximately 1,438,685 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 811,617 sq.m. Construction of these properties commenced on February 28, 2007 and is expected to be completed in the fourth quarter of 2012. Upon completion, there will be 4,008 residential flats with an aggregate saleable GFA of approximately 802,512 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 1,043,011 sq.m. and had an expected aggregate GFA of approximately 626,656 sq.m.

As of December 31, 2009, the total development costs of Shaoguan Country Garden (including the costs of land acquisition) incurred were RMB2,969.6 million.

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

This development will also feature a commercial street and other amenities.

Shaoguan Country Garden has been awarded the title of Top Ten Most Beautiful Villa In Pearl River Delta (珠三角最美十大品牌別墅) by the Politics News (參政消息) and Soufang Network (搜房網).

Lechang Country Garden (樂昌碧桂園)

Lechang Country Garden is located on 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 426,129 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 496,899 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 61,308 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of 38,148 sq.m. Construction of these properties commenced on October 23, 2007 and was completed on December 29, 2009. The completed properties comprised 211 residential flats with an aggregate saleable GFA of approximately 38,148 sq.m. As of December 31, 2009, 31 residential flats with an aggregate saleable GFA of approximately 4,679 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered and unsold properties, comprised 180 residential flats with an aggregate GFA of approximately 33,469 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 120,295 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 106,172 sq.m. Construction of these properties commenced on October 23, 2007 and is expected to be completed in the fourth quarter of 2011. Upon completion, there will be 856 residential flats with an aggregate saleable GFA of approximately 105,814 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 244,526 sq.m., with an expected GFA (including saleable and non-saleable GFA) of approximately 352,579 sq.m.

As of December 31, 2009, the total development costs of Lechang Country Garden (including the costs of land acquisition and construction) incurred were RMB357.3 million.

Lechang Country Garden offers townhouses, low-rise apartment buildings and is expected to retail shops in the future.

Shaoguan Country Garden—Sun Palace (韶關碧桂園 • 太陽城)

Shaoguan Country Garden—Sun Palace is located on Furong Avenue, Wujiang District, Shaoguan City. It is being developed by Shaoguan Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 2,171,441 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 3,529,916 sq.m.

As of December 31, 2009, there was no completed property in Shaoguan Country Garden—Sun Palace.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 405,172 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 213,854 sq.m. Construction of these properties commenced on March 10, 2008 and is expected to be completed in the fourth quarter of 2011. Upon completion, there will be 1,106 residential flats with an aggregate saleable GFA of approximately 199,378 sq.m. as well as 13 retail shops with an aggregate saleable GFA of approximately 1,670 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 1,766,269 sq.m., with an expected GFA (including saleable and non-saleable) of approximately 3,316,062 sq.m.

As of December 31, 2009, the total development costs of Shaoguan Country Garden—Sun Palace (including the costs of land acquisition and construction) incurred were RMB708.7 million.

Shaoguan Country Garden—Sun Palace offers townhouses, low-rise apartment buildings, and is expected to offer high-rise apartment buildings and retail shops in the future. It is also expected to feature a hotel developed to a five-star rating standard.

Maoming City, Guangdong Province

Maoming Country Garden (茂名碧桂園)

Maoming Country Garden is located on the 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. This development occupies an aggregate site area of approximately 407,704 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 302,231 sq.m.

As of December 31, 2009, there was no completed property in Maoming Country Garden.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 193,971 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 139,901 sq.m. Construction of these properties commenced on March 4, 2009 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 628 residential flats with an aggregate saleable GFA of approximately 130,547 sq.m. as well as 66 retail shops with an aggregate saleable GFA of approximately 3,203 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 213,733 sq.m., with an expected GFA (including saleable and non-saleable) of approximately 162,330 sq.m.

As of December 31, 2009, the total development costs of Maoming Country Garden (including the costs of land acquisition and construction) incurred were RMB301.3 million.

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

Qingyuan City, Guangdong Province

Yangshan Country Garden (陽山碧桂園)

Yangshan Country Garden is located in the 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. This development occupies an aggregate site area of approximately 320,279 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 319,273 sq.m.

As of December 31, 2009, there was no completed property in Yangshan Country Garden.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 80,200 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 59,733 sq.m. Construction of these properties commenced on December 1, 2008 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 342 residential flats with an aggregate saleable GFA of approximately 56,864 sq.m. as well as 16 retail shops with an aggregate saleable GFA of approximately 660 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 240,079 sq.m., with an expected GFA (including saleable and non-saleable) of approximately 259,540 sq.m.

As of December 31, 2009, the total development costs of Yangshan Country Garden (including the costs of land acquisition and construction) incurred were RMB215.5 million.

Yangshan Country Garden offers townhouses, low-rise apartment buildings, and is expected to offer retail shops in the future.

Holiday Islands—Qingyuan (假日半島—清遠)

Holiday Islands—Qingyuan is located in 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. This development occupies an aggregate site area of approximately 698,428 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 440,997 sq.m.

As of December 31, 2009, there was no completed property in Holiday Islands—Qingyuan.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 229,300 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 152,937 sq.m. Construction of these properties commenced on November 11, 2009 and is expected to be completed in the first quarter of 2011. Upon completion, there will be 689 residential flats with an aggregate saleable GFA of approximately 152,351 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 469,128 sq.m., with an expected GFA (including saleable and non-saleable GFA) of approximately 288,060 sq.m.

As of December 31, 2009, the total development costs of Holiday Islands—Qingyuan (including the costs of land acquisition) incurred were RMB426.1 million.

Holiday Islands—Qingyuan offers townhouses.

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 922,029 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 1,431,066 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 656,072 sq.m. Construction of these properties commenced on March 1, 2006 and was completed on September 3, 2009. The completed properties comprised 2,233 residential flats with an aggregate saleable GFA of approximately 593,266 sq.m. and 53 retail shops with an aggregate saleable GFA of approximately 10,729 sq.m. As of December 31, 2009, 1,849 residential flats with an aggregate saleable GFA of approximately 447,164 sq.m. had been sold and delivered. The remaining completed properties, which includes sold but undelivered properties and unsold properties, comprised 384 residential flats with an aggregate GFA of approximately 146,102 sq.m. and 53 retail shops with an aggregate GFA of approximately 10,729 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 157,829 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 129,757 sq.m. Construction of these properties commenced on October 22, 2009 and is expected to be completed in the second quarter of 2011. Upon completion, there will be 733 residential flats with an aggregate saleable GFA of approximately 123,884 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 135,403 sq.m. and had an expected aggregate GFA of approximately 136,200 sq.m.

As of December 31, 2009, the total development costs of Changsha Country Garden (including the costs of land acquisition and construction) incurred were RMB2,628.5 million.

Changsha Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings and retail shops, and is expected to offer high-rise apartment buildings in the future. This development features the Changsha Venice Palace Hotel (長沙威尼斯酒店), a hotel built to a five-star rating standard, bilingual schools and a commercial plaza.

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).

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

Country Garden—Hill Lake Palace is located on Jinzhou Avenue, Ningxiang County, Changsha City. It is being developed by Changsha Ningxiang Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 447,137 sq.m. and has an aggregate GFA (including saleable and non-saleable GFA) of approximately 269,095 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 275,065 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 156,826 sq.m. Construction of these properties commenced on November 12, 2007 and was completed on September 16, 2009. The completed properties comprised 651 residential flats with an aggregate saleable GFA of approximately 155,805 sq.m. As of December 31, 2009, 240 residential flats with an aggregate saleable GFA of approximately 64,244 sq.m. had been sold and delivered. The remaining completed properties, which includes sold but undelivered properties and unsold properties, comprised 411 residential flats with an aggregate GFA of approximately 91,561 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 172,072 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 112,269 sq.m. Construction of these properties commenced on December 12, 2007 and is expected to be completed in the fourth quarter of 2011. Upon completion, there will be 287 residential flats, with an aggregate saleable GFA of approximately 66,704 sq.m. as well as 102 retail shops with an aggregate saleable GFA of approximately 19,999 sq.m.

As of December 31, 2009, there was no property held for future development in Country Garden—Hill Lake Palace.

As of December 31, 2009, the total development costs of Country Garden—Hill Lake Palace (including the costs of land acquisition and construction) incurred were RMB602.6 million.

Country Garden—Hill Lake Palace offers townhouses, low-rise apartment buildings, and is expected to offer retail shops in the future. The development will feature a hotel developed to a five-star rating standard.

Liuyang Country Garden (瀏陽碧桂園)

Liuyang Country Garden is located on Shishuang Avenue, Liuyang District, Changsha City. It is being developed by Liuyang Country Garden Property Development Co., Ltd., our wholly-owned project company.

This development occupies an aggregate site area of approximately 448,062 sq.m. with an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 372,425 sq.m.

As of December 31, 2009, there was no completed property in Liuyang Country Garden.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 136,759 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 95,205 sq.m. Construction of these properties commenced on December 9, 2008 and is expected to be completed in the second quarter of 2011. Upon completion, there will be 521 residential flats with an aggregate saleable GFA of approximately 89,174 sq.m. as well as 39 retail shops with an aggregate saleable GFA of approximately 2,127 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 311,303 sq.m. with an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 277,220 sq.m.

As of December 31, 2009, the total development costs of Liuyang Country Garden (including the costs of land acquisition and construction) incurred were RMB463.5 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 on Kangfu Avenue, Yiyang City. It is being developed by Yiyang Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 276,739 sq.m. with an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 263,456 sq.m.

As of December 31, 2009, there was no completed property in Yiyang Country Garden.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 100,324 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 67,034 sq.m. Construction of these properties commenced on April 2, 2009 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 329 residential flats, with an aggregate saleable GFA of approximately 60,281 sq.m. as well as 23 retail shops with an aggregate saleable GFA of approximately 1,090 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 176,415 sq.m. with an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 196,422 sq.m.

As of December 31, 2009, the total development costs of Yiyang Country Garden (including the costs of land acquisition and construction) incurred were RMB266.1 million.

Yiyang Country Garden offers various types of products, including townhouses, low-rise apartment buildings and retail shops. It is also expected to feature a hotel developed to a 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. This development 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 852,052 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 197,273 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 185,025 sq.m. Construction of these properties commenced on August 8, 2007 and was completed on December 11, 2009. The completed properties comprised 648 residential flats with an aggregate saleable GFA of approximately 185,025 sq.m. As of December 31, 2009, 391 residential flats with an aggregate saleable GFA of approximately 102,026 sq.m. had been sold and delivered. The remaining completed properties, which includes sold but undelivered properties and unsold properties, comprised 257 residential flats with an aggregate GFA of approximately 82,999 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 225,775 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 318,550 sq.m. Construction of these properties commenced on June 27, 2007 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 2,045 residential flats with an aggregate saleable GFA of approximately 315,680 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 295,196 sq.m. and had an expected aggregate GFA of approximately 348,477 sq.m.

As of December 31, 2009, the total development costs of Taizhou Country Garden (including the costs of land acquisition) incurred were RMB1,387 million.

Taizhou Country Garden offers townhouses and high-rise apartment buildings. It is also expected to feature a hotel developed to a five-star rating standard.

Wuhan City, Hubei Province

Wuhan Country Garden (武漢碧桂園)

Wuhan Country Garden is located on Zilin Street of Hannan District, Wuhan City. It is being developed by Wuhan Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 808,869 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 744,767 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 155,008 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 144,124 sq.m. Construction of these properties commenced on December 28, 2007 and was completed on December 29, 2009. The completed properties comprised 1,065 residential flats with an aggregate saleable GFA of approximately 143,001 sq.m. As of December 31, 2009, 743 residential flats with an aggregate saleable GFA of approximately

99,605 sq.m. had been sold and delivered. The remaining completed properties, which includes sold but undelivered properties and unsold properties, comprised 322 residential flats with an aggregate GFA of approximately 43,396 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 163,149 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 337,531 sq.m. Construction of these properties commenced on January 30, 2008 and is expected to be completed in the fourth quarter of 2013. Upon completion, there will be 2,227 residential flats, with an aggregate saleable GFA of approximately 320,915 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 490,712 sq.m. with an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 263,112 sq.m.

As of December 31, 2009, the total development costs of Wuhan Country Garden (including the costs of land acquisition) incurred were RMB852.7 million.

Wuhan Country Garden offers townhouses, low-rise apartment buildings and high-rise apartment buildings. It will also feature a hotel developed to a five-star rating standard.

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. This development occupies an aggregate site area of approximately 666,668 sq.m. with an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 432,276 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 226,890 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 142,727 sq.m. Construction of these properties commenced on January 15, 2008 and was completed on August 27, 2009. The completed properties comprised 902 residential flats with an aggregate saleable GFA of approximately 139,790 sq.m. As of December 31, 2009, 445 residential flats with an aggregate saleable GFA of approximately 62,517 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 457 residential flats with an aggregate saleable GFA of approximately 77,273 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 64,610 sq.m., with an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 101,267 sq.m. Construction of these properties commenced on May 23, 2008 and is expected to be completed in the third quarter of 2011. Upon completion, there will be 660 residential flats with an aggregate saleable GFA of approximately 101,267 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of 375,168 sq.m. with an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 188,282 sq.m.

As of December 31, 2009, the total development costs of Xianning Country Garden (including the costs of land acquisition) incurred were RMB489 million.

Xianning Country Garden offers townhouses, low-rise apartment buildings and high-rise apartment buildings.

Country Garden—Hot Spring City (碧桂園—溫泉城)

Country Garden—Hot Spring City is located in Yuzuo Village, Xian'an District, Xianing City. It is being developed by Xianning Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 466,667 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 315,611 sq.m.

As of December 31, 2009, there was no completed property or property under development in Country Garden—Hot Spring City.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 466,667 sq.m. and had an expected aggregate GFA of approximately 315,611 sq.m.

As of December 31, 2009, the total development costs of Country Garden—Hot Spring City (including the costs of land acquisition) incurred were RMB115.6 million.

Country Garden—Hot Spring City is expected to offer townhouses and low-rise apartment buildings in the future. It also features Country Garden Hot Spring Hotel (碧桂園鳳凰溫泉酒店), a hotel developed to a five-star rating standard.

Suizhou City, Hubei Province

Suizhou Country Garden (隨州碧桂園)

Suizhou Country Garden is located in the Chengnan District, Suizhou City. It is being developed by Suizhou Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 1,258,814 sq.m. with an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,320,399 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 190,618 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 141,597 sq.m. Construction of these properties commenced on May 21, 2008 and was completed on December 25, 2009. The completed properties comprised 933 residential flats with an aggregate saleable GFA of approximately 136,611 sq.m. and 30 retail shops with an aggregate saleable GFA of approximately 1,701 sq.m. As of December 31, 2009, 468 residential flats with an aggregate saleable GFA of approximately 56,404 sq.m. had been sold and delivered. The remaining completed properties, which includes sold but undelivered properties and unsold properties, comprised 465 residential flats with an aggregate GFA of approximately 80,207 sq.m. and 30 retail shops with an aggregate saleable GFA of approximately 1,701 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 248,674 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 161,965 sq.m. Construction of these properties commenced on May 21, 2008 and is expected to be completed in the second quarter of 2011. Upon completion, there will be 646 residential flats with an aggregate saleable GFA of approximately 161,965 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 819,522 sq.m. with an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,016,837 sq.m.

As of December 31, 2009, the total development costs of Suizhou Country Garden (including the costs of land acquisition) incurred were RMB1,139.3 million.

Suizhou Country Garden offers townhouses, low-rise apartment buildings and retail shops, and is expected to offer high- rise apartments in the future. It is also expected to feature a hotel developed to a five-star rating standard. The hotel has 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 in the 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. This development 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 251,557 sq.m.

As of December 31, 2009, there was no completed property in Jingmen Country Garden.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 142,151 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 109,875 sq.m. Construction of these properties commenced on January 15, 2009 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 532 residential flats with an aggregate saleable GFA of approximately 107,027 sq.m. as well as 56 retail shops with an aggregate saleable GFA of approximately 2,848 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 243,825 sq.m. and had an expected aggregate GFA of approximately 141,682 sq.m.

As of December 31, 2009, the total development costs of Jingmen Country Garden (including the costs of land acquisition) incurred were RMB237.4 million.

Jingmen Country Garden offers townhouses, low-rise apartment buildings and retail shops.

Chongqing Municipality

Changshou Country Garden (長壽碧桂園)

Changshou Country Garden is located in 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. This development 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 462,496 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 138,671 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 141,333 sq.m. Construction of these properties commenced on November 5, 2007 and was completed on October 16, 2009. The completed properties comprised 998 residential flats with an aggregate saleable GFA of approximately 134,038 sq.m. as well as 27 retail shops with an aggregate saleable GFA of approximately 3,556 sq.m. and 70 parking spaces with an aggregate saleable GFA of approximately 1,255 sq.m. As of December 31, 2009, 648 residential flats with an aggregate saleable GFA of approximately 76,150 sq.m. as well as two retail shops with an aggregate saleable GFA of approximately 197 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 350 residential flats with an aggregate saleable GFA of approximately 57,888 sq.m. and 25 retail shops with an aggregate saleable GFA of approximately 3,359 sq.m. and 70 parking spaces with an aggregate GFA of approximately 1,255 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 93,339 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 244,918 sq.m. Construction of these properties commenced on November 5, 2007 and is expected to be completed in the fourth quarter of 2011. Upon completion, there will be 1,928 residential flats with an aggregate saleable GFA of approximately 227,518 sq.m.

As of December 31, 2009, 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, 2009, the total development costs of Changshou Country Garden (including the costs of land acquisition) incurred were RMB904.1 million.

Changshou Country Garden offers townhouses, low-rise apartment buildings, high-rise apartment buildings, retail shops and parking spaces. It is also expected to feature a hotel developed to a five-star rating standard.

Chaohu City, Anhui Province

Country Garden Lakeside City (碧桂園濱湖城)

Country Garden Lakeside City is located in Jingtanghe Village, Zhongmiao Town, Chaohu City. It is being developed by Anhui Zhongmiao Country Garden Property Development Co., Ltd., our wholly-owned project company. This development 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 780,499 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 227,408 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 156,609 sq.m. Construction of these properties commenced on December 13, 2007 and was completed on November 9, 2009. The completed properties comprised 1,170 residential flats with an aggregate saleable GFA of approximately 153,850 sq.m. As of December 31, 2009, 887 residential flats with an aggregate saleable GFA of approximately

124,777 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 283 residential flats with an aggregate saleable GFA of approximately 29,073 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 670,446 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 445,604 sq.m. Construction of these properties commenced on December 13, 2007 and is expected to be completed in the fourth quarter of 2011. Upon completion, there will be 2,421 residential flats with an aggregate saleable GFA of approximately 378,159 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 270,029 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 178,286 sq.m.

As of December 31, 2009, the total development costs of Country Garden Lakeside City (including the costs of land acquisition) incurred were RMB879.9 million.

Country Garden Lakeside City offers townhouses, low-rise apartment buildings and high-rise apartment buildings. It is also expected to feature a hotel developed to a five-star rating standard.

Country Garden—Hill Lake City (碧桂園—如山湖城)

Country Garden-Hill Lake City is located on 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. This development 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 1,242,648 sq.m.

As of December 31, 2009, there was no completed property in Country Garden-Hill Lake City.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 830,844 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 610,420 sq.m. Construction of these properties commenced on May 9, 2008 and is expected to be completed in the fourth quarter of 2011. Upon completion, there will be 4,373 residential flats with an aggregate saleable GFA of approximately 585,865 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 804,667 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 632,228 sq.m.

As of December 31, 2009, the total development costs of Country Garden-Hill Lake City (including the costs of land acquisition) incurred were RMB855.8 million.

Country Garden-Hill Lake City offers townhouses and high-rise apartment buildings. It is also expected to feature a hotel developed to a five-star rating standard.

Chaohu Country Garden (巢湖碧桂園)

Chaohu Country Garden is located to 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. This development occupies an aggregate site area of approximately 598,637 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 366,599 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 84,130 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 54,674 sq.m. Construction of these properties commenced on April 23, 2008 and was completed on December 30, 2009. The completed properties comprised 421 residential flats with an aggregate saleable GFA of approximately 54,674 sq.m. As of December 31, 2009, 339 residential flats with an aggregate saleable GFA of approximately 45,538 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 82 residential flats with an aggregate saleable GFA of approximately 9,136 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 199,808 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 121,593 sq.m. Construction of these properties commenced on April 23, 2008 and is expected to be completed in the second quarter of 2011. Upon completion, there will be 552 residential flats with an aggregate saleable GFA of approximately 118,111 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 314,699 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 190,332 sq.m.

As of December 31, 2009, the total development costs of Chaohu Country Garden (including the costs of land acquisition) incurred were RMB474 million.

Chaohu Country Garden offers townhouses and low-rise apartment buildings, and is expected to offer high- rise apartment buildings in the future. It is also expected to feature a hotel developed to a five-star rating standard.

Anqing City, Anhui Province

Anqing Country Garden (安慶碧桂園)

Anqing Country Garden is located in the 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. This development 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 1,893,748 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 110,391 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 77,546 sq.m. Construction of these properties commenced on June 19, 2008 and was completed on December 30, 2009. The completed properties comprised 363 residential flats with an aggregate saleable GFA of approximately 77,546 sq.m. As of December 31, 2009, 328 residential flats with an aggregate saleable GFA of approximately 67,570 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 35 residential flats with an aggregate saleable GFA of approximately 9,976 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 378,539 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 233,583 sq.m. Construction of these properties commenced on June 19, 2008 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 914 residential flats with an aggregate saleable GFA of approximately 186,421 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 1,162,895 sq.m. and had an expected aggregate GFA of approximately 1,582,619 sq.m.

As of December 31, 2009, the total development costs of Anqing Country Garden (including the costs of land acquisition) incurred were RMB1,723.4 million.

Anqing Country Garden offers townhouses and low-rise apartment buildings, and is expected to offer high-rise apartment buildings in the future. It is also expected to feature a hotel developed to a five-star rating standard. The hotel has 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 on the opposite side of Chizhou Railway Station, Chizhou City. It is being developed by Chizhou Country Garden Property Development Co., Ltd., our wholly-owned project company. This development 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 417,606 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 55,756 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 39,718 sq.m. Construction of these properties commenced on January 27, 2008 and was completed on December 17, 2009. The completed properties comprised 220 residential flats with an aggregate saleable GFA of approximately 39,578 sq.m. As of December 31, 2009, 151 residential flats with an aggregate saleable GFA of approximately 23,157 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 69 residential flats with an aggregate saleable GFA of approximately 16,421 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 274,332 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 166,803 sq.m. Construction of these properties commenced on January 27, 2008 and is expected to be completed in the second quarter of 2011. Upon completion, there will be 734 residential flats, with an aggregate saleable GFA of approximately 165,377 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 106,707 sq.m. and had an expected aggregate GFA of approximately 211,085 sq.m.

As of December 31, 2009, the total development costs of Chizhou Country Garden (including the costs of land acquisition) incurred were RMB586.4 million.

Chizhou Country Garden offers 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 a five-star rating standard.

Huangshan City, Anhui Province

Huangshan Country Garden (黃山碧桂園)

Huangshan Country Garden is located on 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. This development 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 334,324 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 146,357 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 119,260 sq.m. Construction of these properties commenced on January 6, 2008 and was completed on November 30, 2009. The completed properties comprised 742 residential flats with an aggregate saleable GFA of approximately 116,448 sq.m. As of December 31, 2009, 607 residential flats with an aggregate saleable GFA of approximately 88,718 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 135 residential flats with an aggregate saleable GFA of approximately 27,730 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 114,866 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 118,212 sq.m. Construction of these properties commenced on July 24, 2008 and is expected to be completed in the second quarter of 2011. Upon completion, there will be 1,097 residential flats with an aggregate saleable GFA of approximately 115,143 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 60,806 sq.m. and had an expected aggregate GFA of approximately 96,852 sq.m.

As of December 31, 2009, the total development costs of Huangshan Country Garden (including the costs of land acquisition) incurred were RMB491.9 million.

Huangshan Country Garden offers townhouses and low-rise apartment buildings and high-rise apartment buildings. It is also expected to feature a hotel developed to a five-star rating standard.

Wuhu City, Anhui Province

Wuhu Country Garden (蕪湖碧桂園)

Wuhu Country Garden is located in Longwo Lake, Sanshan District, Wuhu City. It is being developed by Wuhu Country Garden Property Development Co., Ltd., our wholly-owned project company. This development 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 2,539,137 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 285,969 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 165,977 sq.m. Construction of these properties commenced on June 25, 2008 and was completed on September 30, 2009. The completed properties comprised 514 residential flats with an aggregate saleable GFA of approximately 165,977 sq.m. As of December 31, 2009, 319 residential flats with an aggregate saleable GFA of approximately 79,192 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 195 residential flats with an aggregate saleable GFA of approximately 86,785 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 570,702 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 440,009 sq.m. Construction of these properties commenced on June 25, 2008 and is expected to be completed in the fourth quarter of 2011. Upon completion, there will be 2,518 residential flats with an aggregate saleable GFA of approximately 437,877 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 633,837 sq.m. and had an expected aggregate GFA of approximately 1,933,151 sq.m.

As of December 31, 2009, the total development costs of Wuhu Country Garden (including the costs of land acquisition) incurred were RMB2,530.9 million.

Wuhu Country Garden offers townhouses and low-rise apartment buildings and high-rise apartment buildings. It is also expected to feature a hotel developed to a five-star rating standard.

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).

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. This development 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 1,079,655 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 125,231 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 60,668 sq.m. Construction of these properties commenced on September 30, 2007 and was completed on December 29, 2009. The completed properties comprised 170 residential flats with an aggregate saleable GFA of approximately 60,668 sq.m. As of December 31, 2009, 162 residential flats with an aggregate saleable GFA of approximately 57,522 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised eight residential flats with an aggregate saleable GFA of approximately 3,146 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 298,417 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 576,776 sq.m. Construction of these properties commenced on July 21, 2007 and is expected to be completed in the fourth quarter of 2012. Upon completion, there will be 5,160 residential flats with an aggregate saleable GFA of approximately 565,853 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 196,013 sq.m. and had an expected aggregate GFA of approximately 442,211 sq.m.

As of December 31, 2009, the total development costs of Country Garden—Sun Palace (including the costs of land acquisition) incurred were RMB1,356.8 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. This development occupies an aggregate site area of approximately 1,125,913 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,444,909 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 267,917 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 169,336 sq.m. Construction of these properties commenced on July 21, 2007 and was completed on December 25, 2009. The completed properties comprised 670 residential flats with an aggregate saleable GFA of approximately 163,022 sq.m. as well as 29 retail shops with an aggregate saleable GFA of approximately 4,339 sq.m. and 72 parking spaces with an aggregate saleable GFA of approximately 1,975 sq.m. As of December 31, 2009, 296 residential flats with an aggregate saleable GFA of approximately 108,350 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 374 residential flats with an aggregate saleable GFA of approximately 54,672 sq.m. and 29 retail shops with an aggregate saleable GFA of approximately 4,339 sq.m. and 72 parking spaces with an aggregate saleable GFA of approximately 1,975 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 217,399 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 136,644 sq.m. Construction of these properties commenced on July 21, 2007 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 524 residential flats with an aggregate saleable GFA of approximately 133,685 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 640,597 sq.m. and had an expected aggregate GFA of approximately 1,138,929 sq.m.

As of December 31, 2009, the total development cost of Shenyang Country Garden (including the costs of land acquisition) incurred were RMB1,426.8 million.

Shenyang Country Garden offers townhouses, low-rise apartment buildings, retail shops and parking spaces, and is expected to offer high-rise apartment buildings in the future.

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).

Country Garden—Galaxy Palace (碧桂園 • 銀河城)

Country Garden—Galaxy Palace is located on Wanghe Road of Yuhong District, Shenyang City. It is being developed by Shenyang Huarui Real Estate Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 939,018 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 1,849,249 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 187,164 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 98,239 sq.m. Construction of these properties commenced on March 19, 2008 and was completed on June 19, 2009. The completed properties comprised 268 residential flats with an aggregate saleable GFA of approximately 94,929 sq.m. As of December 31, 2009, 218 residential flats with an aggregate saleable GFA of approximately 78,052 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 50 residential flats with an aggregate saleable GFA of approximately 16,877 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 229,235 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 588,409 sq.m. Construction of these properties commenced on March 19, 2008 and is expected to be completed in the fourth quarter of 2013. Upon completion, there will be 3,874 residential flats with an aggregate saleable GFA of approximately 497,555 sq.m. as well as 185 retail shops with an aggregate saleable GFA of approximately 34,590 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 522,619 sq.m. with an expected GFA (including saleable and non-saleable) of approximately 1,162,601 sq.m.

As December 31, 2009, the total development costs of Country Garden—Galaxy Palace (including the costs of land acquisition and construction) incurred were RMB2,081.1 million.

Country Garden—Galaxy Palace offers townhouses, high-rise apartment buildings and retail shops.

Country Garden—Phoenix City (碧桂園 • 鳳凰城)

Country Garden—Phoenix City is located on 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. This development occupies an aggregate site area of approximately 711,838 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 1,239,824 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 364,059 sq.m. and had an aggregate GFA (including saleable and non-saleable

GFA) of approximately 186,860 sq.m. Construction of these properties commenced on September 24, 2007 and was completed on December 17, 2009. The completed properties comprised 556 residential flats with an aggregate saleable GFA of approximately 183,786 sq.m. As of December 31, 2009, 374 residential flats with an aggregate saleable GFA of approximately 122,608 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 182 residential flats with an aggregate saleable GFA of approximately 61,178 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 294,617 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,026,522 sq.m. Construction of these properties commenced on September 24, 2007 and is expected to be completed in the second quarter of 2013. Upon completion, there will be 8,382 residential flats with an aggregate saleable GFA of approximately 1,003,747 sq.m. as well as 184 retail shops with an aggregate saleable GFA of approximately 17,270 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 53,162 sq.m., with an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 26,442 sq.m.

As of December 31, 2009, the total development costs of Country Garden—Phoenix City (including the costs of land acquisition and construction) incurred were RMB2,301.5 million.

Country Garden—Phoenix City offers townhouses, high-rise apartment buildings and retail shops. It is also expected to feature a hotel developed to a five-star rating standard.

Anshan City, Liaoning Province

Haicheng Country Garden (海城碧桂園)

Haicheng Country Garden is located in the Tiexixinghai Administration District, Anshan City. It is being developed by Haicheng Country Garden Property Development Co., Ltd., our wholly owned project company. This development 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 602,523 sq.m.

As of December 31, 2009, there was no completed property in Haicheng Country Garden.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 257,485 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 361,743 sq.m. Construction of these properties commenced on October 25, 2007 and is expected to be completed in the fourth quarter of 2012. Upon completion, there will be 2,615 residential flats with an aggregate saleable GFA of approximately 359,594 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 172,409 sq.m. and had an expected aggregate GFA of approximately 240,780 sq.m.

As of December 31, 2009, the total development costs of Haicheng Country Garden (including the costs of land acquisition and construction) incurred were RMB259.8 million.

Haicheng Country Garden offers townhouses, low-rise apartment buildings, and is expected to offer high-rise apartment buildings 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. This development 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 1,589,264 sq.m.

As of December 31, 2009, 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 comprised 504 residential flats with an aggregate saleable GFA of approximately 74,269 sq.m. and 344 parking spaces with an aggregate saleable GFA of approximately 9,300 sq.m. As of December 31, 2009, 107 residential flats with an aggregate saleable GFA of approximately 15,211 sq.m. and 71 parking spaces with an aggregate saleable GFA of approximately 1,816 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 397 residential flats with an aggregate saleable GFA of approximately 59,058 sq.m. and 273 parking spaces with an aggregate saleable GFA of approximately 7,484 sq.m.

As of December 31, 2009, 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 292,180 sq.m. Construction of these properties commenced on July 23, 2007 and is expected to be completed in the fourth quarter of 2011. Upon completion, there will be 1,246 residential flats with an aggregate saleable GFA of approximately 231,767 sq.m. as well as 204 retail shops with an aggregate saleable GFA of approximately 36,964 sq.m. and 644 parking spaces with an aggregate saleable GFA of approximately 17,511 sq.m.

As of December 31 2009, 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 2009, the total development costs of Manzhouli Country Garden (including the costs of land acquisition) incurred were RMB670.5 million.

Manzhouli Country Garden offers townhouses and low-rise apartment buildings and parking spaces, and is expected to offer retail shops in the future. It is also expected to feature a hotel developed to a 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 on Jianguo North Road, Tongliao City. It is being developed by Tongliao Country Garden Property Development Co., Ltd., our wholly-owned project company. This development 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 1,635,177 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 78,470 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 63,864 sq.m. Construction of these properties commenced on November 3, 2007 and was completed on October 29, 2009. The completed properties comprised 418 residential flats with an aggregate saleable GFA of approximately 63,864 sq.m. As of December 31, 2009, 226 residential flats with an aggregate saleable GFA of approximately 32,319 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 192 residential flats with an aggregate saleable GFA of approximately 31,545 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 456,065 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 500,369 sq.m. Construction of these properties commenced on November 3, 2007 and is expected to be completed in the fourth quarter of 2013. Upon completion, there will be 3,506 residential flats with an aggregate saleable GFA of approximately 497,465 sq.m.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 1,407,984 sq.m. and had an expected aggregate GFA of approximately 1,070,944 sq.m.

As of December 31, 2009, the total development costs of Tongliao Country Garden (including the costs of land acquisition) incurred were RMB807.9 million.

Tongliao Country Garden offers townhouses and low-rise apartment buildings, and is expected to offer high-rise apartment buildings in the future. It is also expected to feature a hotel developed to a 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 in Keerqin Town of Keyouqianqi, Xing'anmeng. It is being developed by Keyouqianqi Country Garden Property Development Co., Ltd., our wholly owned project company. This development occupies an aggregate site area of approximately 1,259,396 sq.m. with an expected GFA (including saleable and non-saleable) of approximately 941,645 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 107,606 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 79,049 sq.m. Construction of these properties commenced on September 20, 2007 and was completed on October 10, 2009. The completed properties comprised 614 residential flats with an aggregate saleable GFA of approximately 71,901 sq.m. As of December 31, 2009, 57 residential flats with an aggregate saleable GFA of approximately 5,696 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 557 residential flats with an aggregate saleable GFA of approximately 66,205 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 419,295 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 226,694 sq.m. Construction of these properties commenced on September 20, 2007 and is expected to be completed in the second quarter of 2012. Upon completion, there will be 1,256 residential flats with an aggregate saleable GFA of approximately 226,694 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 732,495 sq.m. with an expected GFA (including saleable and non-saleable GFA) of approximately 635,902 sq.m.

As of December 31, 2009, the total development costs of Xing'anmeng Country Garden (including the costs of land acquisition) incurred were RMB539.5 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 features a hotel developed to a 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 on Zhongxingxi Avenue, Beilin District, Suihua City. It is being developed by Suihua Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 262,400 sq.m. with an expected GFA (including saleable and non-saleable) of approximately 269,133 sq.m.

As of December 31, 2009, the completed properties occupied an aggregate site area of approximately 86,295 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 50,063 sq.m. Construction of these properties commenced on September 25, 2008 and was completed on November 30, 2009. The completed properties comprised 203 residential flats with an aggregate saleable GFA of approximately 50,063 sq.m. As of December 31, 2009, 39 residential flats with an aggregate saleable GFA of approximately 9,798 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 164 residential flats with an aggregate saleable GFA of approximately 40,265 sq.m.

As of December 31, 2009, the properties under development occupied an aggregate site area of approximately 37,650 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 39,519 sq.m. Construction of these properties commenced on September 25, 2008 and is expected to be completed in the third quarter of 2010. Upon completion, there will be 266 residential flats with an aggregate saleable GFA of approximately 30,707 sq.m. and 53 retail shops with an aggregate saleable GFA of approximately 6,650 sq.m. and 92 parking spaces with an aggregate saleable GFA of approximately 2,162 sq.m.

As of December 31, 2009, the properties held for future development occupied a site area of 138,455 sq.m., with an expected GFA (including saleable and non-saleable GFA) of approximately 179,551 sq.m.

As of December 31, 2009, the total development costs of Suihua Country Garden (including the costs of land acquisition) incurred were RMB235.8 million.

Suihua Country Garden offers townhouses, low-rise apartment buildings, parking spaces and retail shops.

Tianjin Municipality

Tianjin Country Garden (天津碧桂園)

Tianjin Country Garden is located in Balitai Town, Jinnan District, Tianjin City. It is being developed by Tianjin Balizhou Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 543,022 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 538,510 sq.m.

As of December 31, 2009, there was no completed property or property under development in Tianjin Country Garden.

As of December 31, 2009, the properties held for future development occupied an aggregate site area of approximately 543,022 sq.m. and had an expected aggregate GFA of approximately 538,510 sq.m.

As of December 31, 2009, the total development costs of Tianjin Country Garden (including the costs of land acquisition) incurred were RMB794.4 million.

Tianjin Country Garden is expected to offer townhouses, low-rise apartment buildings, high-rise apartment buildings and retail shops in the future. It is also expected to feature a hotel developed to a five-star rating standard.

Tianjin Tanggu District Office Building (天津塘沽區寫字樓)

This project is located on Bihexi Road, Tanggu District, Tianjin City. It is being developed by Tianjin Deyu Investment Development Co., Ltd., our wholly-owned project company. This development 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 116,164 sq.m.

As of December 31, 2009, there was no completed property or property under development in this project.

As of December 31, 2009, 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 116,164 sq.m.

As of December 31, 2009, the total development costs of this project (including the costs of land acquisition) incurred were RMB61 million.

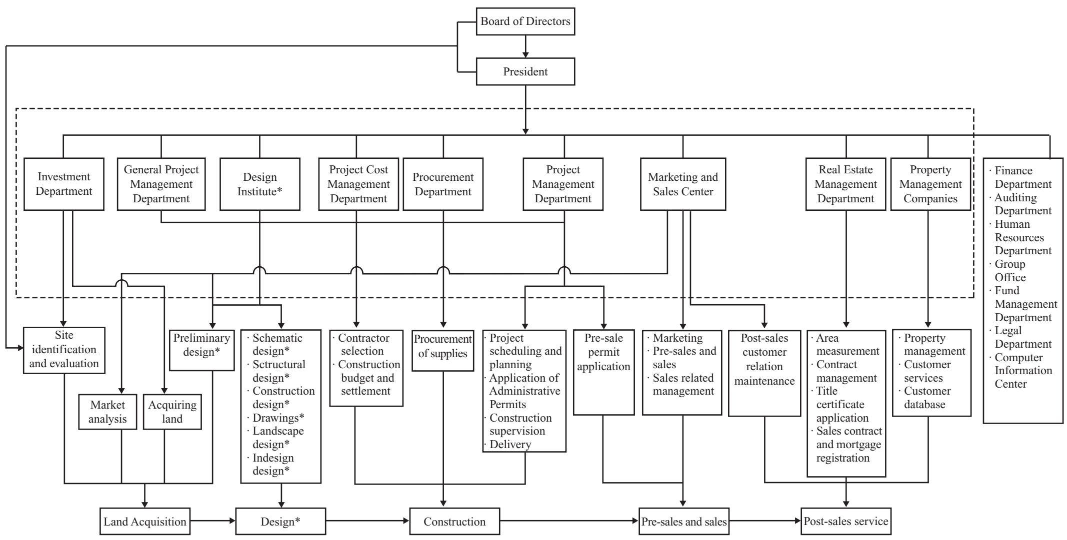
This project is expected to offer office space in the future.

Property development

As of December 31, 2009, we had 65 projects at various stages of development. Our properties are located in Guangzhou City, Foshan City, Jiangmen City, Yangjiang City, Shaoguan City, Zhaoqing City, Huizhou City, Shanwei City, Maoming City and Qingyuan City in Guangdong Province, Changsha City and Yiyang City in Hunan Province, Hulunbei'er City, Xing'anmeng and Tongliao City in Inner Mongolia, Taizhou City in Jiangsu Province, Shenyang City and Anshan City in Liaoning Province, Wuhan City, Jingmen City, Xianning City and Suizhou City in Hubei Province, Chaohu City, Chizhou City, Huangshan City, Wuhu City and Anqing City in Anhui Province, Suihua City in Heilongjiang Province, Tianjin Municipality and Chongqing Municipality. As of December 31, 2009, our projects had an aggregate completed GFA of approximately 15,851,642 sq.m., an aggregate GFA under development of approximately 13,896,617 sq.m. as well as an aggregate GFA of approximately 25,583,947 sq.m. relating to properties held for future development. For a profile of our property developments, please refer to the subsection headed "—Description of our property projects" above.

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.

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.

We have been able to acquire land at a relatively low price. Most of the land parcels acquired by us after 2004 have been relatively large in size. Although its unit price may not be high, the total may be substantial. In addition, when these parcels of lands were listed for auction, the property developer would be required to take responsibility for construction of the related infrastructure and urban development. With these additional responsibilities, the entry barrier for pursuing such property projects is relatively high. Only those property developers which have strong financial strength, integrated development capability, sound management and operational skills can develop such projects. We believe that there are only a handful of property developers in China which possess such capabilities. Among those developers, only a few have adopted development model and land acquisition strategies similar to ours.

As of December 31, 2009, we had an aggregate GFA under development and for future development of approximately 39,480,564 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, 2009, our project companies had entered into land grant contracts in respect of land in various cities in Guangdong Province and five other provinces or provincial level municipalities for which we have applied or are in the process of applying for land use rights certificates. Such land bank covers an aggregate site area of approximately 12,617,099 sq.m., with an aggregate expected GFA of approximately 15,395,541 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, the PBOC, the PRC Ministry of Supervision and 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 after the signing of 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 not 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 have stronger financial condition.

Financing property developments and land premium

Our financing methods vary from project to project. We are required by the PRC government to fund a substantial portion of our property developments with internal resources. The PRC government adjusted this internal capital ratio from time to time as one of its measures to monitor property developments in China. In April 2004, the PRC government increased this internal capital ratio from 20% to 35% to prevent overheating of the Chinese property sector. In May 2009, as part of its measures 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 30% for other property projects. In December 2009 and January 2010, the PRC government adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities. In December 2009, the PRC government abolished certain preferential treatment relating to business taxes payable upon transfers of residential properties by property owners. In January 2010, the PRC government imposed more stringent requirements on the payment of land premium by property developers by requiring purchasers who have already purchased a residence through mortgage financing to pay a minimum down payment of 40% of the purchase price for any additional residences. See "Regulation—Legal supervision relating to property sector in the PRC."

The balance of our project financing generally comes from a combination of bank loans and sales proceeds. We typically use internal funds 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. Bank financing therefore is an important source of funding for our property development projects. As of December 31, 2009, our outstanding borrowings (including the 2014 Notes and the Convertible Bonds) amounted to RMB17,769.6 million. Our operations generate additional 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, the 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 use only their own funds 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 on land premiums to 50% of the total 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 change of 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. For seven consecutive years from 2002 to 2008, we have been ranked as one of the "Top 20 Creditworthy Property Developers" jointly by the South China Branch of People's Daily and local branches of Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank and China Minsheng Banking Corp. Ltd.

We cannot assure you that we will be able to continue to obtain sufficient bank loans or facilities in the future. See "Risk Factors—Risk 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, 2007, 2008 and 2009, construction costs attributable to Giant Leap Construction Co. amounted to 54.3%, 47.3% and 26.5%, respectively, of our total construction costs. This decrease reflects a proportionate increase of our property projects outside Guangdong Province. 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. In the past, we have often engaged Guangzhou Construction Supervision Co., Ltd (廣州建築工程監理有限公司), Guangzhou Jianfa Supervision Co., Ltd (廣州市建發監理有限公司), and Guangdong Jianke Construction Supervision Co., Ltd (廣東建科建設監理有限公司), to supervise our property developments.

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.

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, 2009, our marketing and sales team comprised approximately 1,372 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 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. Purchasers who pay within one month after execution of their sale and purchase contracts generally enjoy a slightly lower purchase price than those who pay within three months after execution of their sale and purchase contracts.

If purchasers choose not to finance their purchase with mortgage loan facilities, they are 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. Purchasers who pay within one month after execution of the sale and purchase contracts generally enjoy a slightly lower purchase price than those who pay within three months after the execution of such the sale and purchase contracts. In the case of properties sold after completion, the remaining balance 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. Such guarantees are divided into short-term and long-term guarantees. Currently, our short-term 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, 2007, 2008 and 2009, our outstanding guarantees of the mortgage loans of our customers amounted to RMB9,637.3 million, RMB10,450.8 million and RMB13,540.3 million, respectively. Historically, we have not experienced material losses due to default of purchases on the mortgages loans. See "Risk Factors—Risk 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 our group reorganization prior to listing. As of December 31, 2009, we had approximately 13,004 staff members working for our 57 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—Risk 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. Our hotel operations consist of owning and operating four five-star hotels, one four-star hotel and seven hotels which we have developed in accordance with the five-star standard of the "Star-Rating Standard for Tourist Hotels." In addition, we have eight hotels that are under construction in accordance with the five-star standard of the "Star-Rating Standard for Tourist Hotels." 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. Further, we may consider engaging, and are currently in discussions with, certain international management firms to manage some of our hotels in order to further enhance the value of our hotel properties.

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.

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 rooms	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 rooms	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 rooms	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 rooms	Five-star (in operation)
Yangjiang Country Garden Phoenix Hotel (陽江碧桂園鳳凰酒店)	Yangjiang Country Garden, Yangjiang, Guangdong Province	May 2007	342 rooms	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 rooms	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 rooms	According to five-star rating standard (in operation)

Name of Hotel	Location	Opening Date	Number of Rooms	Star-rating[1]
Taishan Country Garden Phoenix Hotel (台山碧桂園鳳凰酒店)	Taishan Country Garden, Jiangmen, Guangdong Province	November 2007	337 rooms	According to five-star rating standard (in operation)
Zhaoqing Country Garden (肇慶碧桂園鳳凰酒店)	Zhaoqing Country Garden, Zhaoqing, Guangdong Province	February 2009	285 rooms	According to five-star rating standard (in operation)
Xinhui Country Garden Phoenix Hotel (新會碧桂園鳳凰酒店)	Xinhui Country Garden, Jiangmen, Guangdong Province	March 2009	374 rooms	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[2]	335 rooms	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	September 2009[2]	337 rooms	According to five-star rating standard (in operation)
Suizhou Country Garden Phoenix Hotel (隨州碧桂園鳳凰酒店)	Suizhou Country Garden, Suizhou, Hubei Province	2010[2]	378 rooms	According to five-star rating standard (under construction)
Chongqing Country Garden Phoenix Hotel (重慶碧桂園鳳凰酒店)	Changshou Country Garden, Chongqing, Chongqing Municipality	2010[2]	336 rooms	According to five-star rating standard (under construction)
Wuhan Country Garden Phoenix Hotel (武漢碧桂園鳳凰酒店)	Wuhan Country Garden, Wuhan, Hubei Province	2010[2]	334 rooms	According to five-star rating standard (under construction)

Name of Hotel	Location	Opening Date	Number of Rooms	Star-rating[(1)]
Chaohu Country Garden La Phoenix Hotel (巢湖碧桂園凰城酒店)	Country Garden-Lakeside City, Chaohu, Anhui Province	2010[(2)]	337 rooms	According to five-star rating standard (under construction)
Chaohu Country Garden Le Phoenix Hotel (巢湖碧桂園鳳城酒店)	Chaohu Country Garden, Chaohu, Anhui Province	2010[(2)]	336 rooms	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	2010[(2)]	376 rooms	According to five-star rating standard (under construction)
Wuhu Country Garden Phoenix Hotel (蕪湖碧桂園鳳凰酒店)	Wuhu Country Garden, Wuhu, Anhui Province	2010[(2)]	602 rooms	According to five-star rating standard (under construction)
Anqing Country Garden Phoenix Hotel (安慶碧桂園鳳凰酒店)	Anqing Country Garden, Anqing, Anhui Province	2010[(2)]	334 rooms	According to five-star rating standard (under construction)

Notes:

(1) Hotels are only allowed to apply for star hotel certification after one year of operation.

(2) Expected opening date.

Asian Games Project

On December 22, 2009, we and two other major property developers in the PRC, Agile Property Holdings Limited ("Agile") and Guangzhou R&F Properties Co., Ltd. ("R&F"), through our and their respective subsidiaries, signed a land grant contract with the PRC government to acquire the Asian Games Property. The land 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. The Asian Games Project will be implemented 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, a portion of which is expected to be available for pre-sale in 2010. 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.

Under the land grant contract to acquire the Asian Games Property, the total transfer price (primarily comprised of the land premium) is RMB25.5 billion, payable in installments over the next two years. Based on current arrangements, we, Agile and R&F each hold a 33%, 33% and 34% equity interest, respectively, in the Asian Games JV and the corresponding payment obligations under the land grant contract. Accordingly, our proportional payment obligation under the land grant contract is approximately RMB8.42 billion. We believe that other parties are interested in participating in the development of the Asian Games Project, and we may consider including such parties in the Asian Games JV, which would reduce our equity interest in the Asian Games JV and our proportionate obligations under the Asian Games Project. We expect to maintain a sufficient equity ownership interest to allow us to account for such interest using the equity accounting method.

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) 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, particularly in Guangdong Province, may adversely affect our business and financial condition."

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 that we have sufficient insurance coverage in place and that 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, 2007, 2008 and 2009, we had approximately 27,839, 29,068 and 29,514 full-time employees, respectively. The following table provides a breakdown of our employees by responsibilities as of December 31, 2009:

Administration and Human Resources Management	220
Marketing and Sales	1,372
Finance Management	502
Property Project Management	2,174
Construction and Decoration Management	8,237
Property Management	13,004
Hotel	4,005
	29,514

As of December 31, 2009, approximately 6,766 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 other 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 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 stipulates 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." The 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, the MOFCOM, the NDRC, the PBOC, the SAIC and the SAFE jointly enacted the "Circular on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market" (Jianzhufang [2006] 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 market must comply with the following requirements:

(a) Foreign institutions or individuals purchasing property in China is 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: (a) the guarantee letters for the performance of the State-owned Land Use Rights Grant Contracts, Construction Land Planning Permit and Construction Work Planning Permit; (b) Certificate of Land Use Rights; (c) the certification on alteration of archival files issued by construction authorities; and (d) 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 arrangement 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 the MOFCOM and the 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 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 right 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 the 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 investigation 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 the 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 the 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:

- the 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 the MOFCOM on or after June 1, 2007; and

- the 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 the MOFCOM.

In June 2008, to strengthen regulation of real estate enterprises with foreign investment, the 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, the 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 the 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 the 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 the 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, the 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 the NDRC or its local counterpart.

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 and 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 enforced 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 enforced on November 1, 2007, land for industrial use (including land for warehouses but not include 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 on land premiums to 50% of the total premium and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

On March 8, 2010, the Ministry of Land and Resources promulgated the 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.

(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 flats 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 of 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. 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 sale:

- 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 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 records 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 the 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.

(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.

(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.

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 the 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 flat 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 flat loans, the Mortgage Ratio under the application for commercial flat loans shall not exceed 60% with a maximum loan period of 10 years and the subject commercial properties must have already been completed.

The PBOC issued the "Circular on Further Strengthening the Management of Loans for Property Business" (關於進一步加強房地產信貸業務管理的通知) on June 5, 2003 to specify the requirements for banks to provide loans for the purposes of 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 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 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 the MOFCOM after June 1, 2007. See "—B. Foreign-invested real estate enterprises."

On September 27, 2007, the 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 the 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 ratio 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.

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) 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 for individuals who relocate as a result of redeployment of work or improvement of living standard 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, the taxpayers should declare the tax to the local tax authorities where the property are located, and pay LAT in accordance with the amount as 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 that the preferential policy of LAT exemption for first time transfer of properties under property development contracts signed before January 1, 1994 or project proposal that has been approved and for which capital was injected for development is 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 is 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 according to 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 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 according to 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.

(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.

(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) Buildings tax

Under the "Interim Regulations of the People's Republic of China on Buildings 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, buildings 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.

(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.

(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.

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, the opinion provides:

(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 the 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 the PBOC and the 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 permit 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 system 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, the PBOC and the 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 ratio 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.

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 the 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 motel) 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 gain the sanitation license. The measures for granting and managing 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 venue according to the prescriptions set down by the competent department governing entertainment administration 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 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 the 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 the 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 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 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 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 the 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 the 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 the 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 the 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	55	Chairman and Executive Director
Mr. Cui Jianbo	45	President and Executive Director
Ms. Yang Huiyan	28	Executive Director
Mr. Yang Erzhu	59	Executive Director
Mr. Su Rubo	55	Executive Director
Mr. Zhang Yaoyuan	64	Executive Director
Mr. Ou Xueming	60	Executive Director
Mr. Yang Zhicheng	36	Executive Director
Mr. Yang Yongchao	35	Executive Director
Mr. Lai Ming, Joseph	65	Independent Non-Executive Director
Mr. Shek Lai Him, Abraham	64	Independent Non-Executive Director
Mr. Tong Wui Tung, Ronald	59	Independent Non-Executive Director
Ms. Ng Yi Kum, Estella	52	Chief Financial Officer
Mr. Huen Po Wah	61	Company Secretary
Mr. Song Jun	42	Vice-President
Mr. Xie Shutai	45	Vice-President
Mr. Wang Zhidun	40	Vice-President
Mr. Chen Hua	60	Vice-President

Directors

Our Board currently consists of 12 directors, three of whom are independent non-executive directors. 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 55, 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 32 years of experience in construction and over 18 years of experience in property development. Mr. Yeung was recognized as

"Guangzhou Real Estate Excellent Contributor for 20 years" in 2005. 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).

Cui Jianbo (崔健波), aged 45, is the president and an executive director of our Company. Mr. Cui graduated from Beijing Institute of Technology (北京理工大學) majoring in accounting and is a qualified PRC accountant. He is primarily responsible for our management of daily operation and general administration. Prior to joining us in 2003 as the president, Mr. Cui was the deputy secretary of Shunde Local Taxation Bureau (順德市地方稅局) from 1995 to 2000 and the mayor of Beijiao Town Government (北滘鎮政府) from 2000 to 2003. Mr. Cui is also currently the deputy chairman of the Guangdong Real Estate Association (廣東省房地產協會) and the executive vice president of the Guangdong Real Estate Chamber of Commerce (廣東省地產商會).

Yang Huiyan (***楊惠妍***), aged 28, 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.

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 the coordination and management of our tender management department of property development projects, procurement department and project cost management department, 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 and 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. Since 1999, he has been serving as a director and deputy general manager of Foshan Shunde Finest Decoration & Design Enterprise in Shunde District, Foshan City. Mr. Yang has over 32 years of experience in construction and approximately 16 years of experience in property development.

Su Rubo (***蘇汝波***), aged 55, 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 our property development projects in the northern region of Guangdong Province (including Shaoguan Lashiba, Xilian, Shaoguan Lechang and Qingyuan Yangshan districts). 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 32 years of experience in construction and approximately 16 years of experience in property development and approximately 13 years of experience in procurement of construction materials.

Zhang Yaoyuan (***張耀垣***), aged 64, is an executive director of our Company. He is primarily responsible for construction management, supervision and coordination of our property development projects in the Foshan region of Guangdong Province (including Nanhai, Gaoming and Shunde Longjiang districts). 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 42 years of experience in construction and approximately 16 years of experience in the management of property development.

Ou Xueming (*區學銘*), aged 60, is an executive director of our Company. He is primarily responsible for construction management, supervision and coordination of our property development projects in the western region of Guangdong Province (including Yangjiang Yangdong, Zhaoqing Huaiji, Zhaoqing Deqing and Maoming districts). 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 32 years of experience in construction and approximately 16 years of experience in the operation and management of property development.

Yang Zhicheng (*楊志成*), aged 36, is an executive director of our Company and our regional president in the Jiangmen region. He is primarily responsible for the overall development and management of over 10 property development projects in the Jiangmen region (including Wuyi, Heshan, Xinhui, Toishan and Enping districts). 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 16 years of experience in project development. Mr. Yang is a nephew of Mr. Yeung Kwok Keung.

Yang Yongchao (*楊永潮*), aged 35, 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 13 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.

Independent non-executive directors

Lai Ming, Joseph (*黎明*), aged 65, 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 Dynasty Fine Wines Group Limited, 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 64, 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 Council 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, Hop Hing Group Holdings Limited, Hsin Chong Construction Group Limited, MTRC Corporation Limited, SJM Holdings Limited, Paliburg Holdings Limited and Chuang's Consortium International Limited, and a chairman and 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 59, 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 52, 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 61, 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 27 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 42, 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 the construction management, supervision and coordination of our property development projects in the Guangzhou region of Guangdong Province (including Zengcheng Phoenix City, Licheng, Huanan Country Garden, Shanwan, Nansha, Qingyuan Fogang districts). 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 13 years of experience in the management of property development.

Xie Shutai (謝樹太), aged 45, 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 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 18 years of experience in property management and approximately 13 years of experience in hotel management.

Wang Zhidun (王志敦), aged 40, is a vice-president of our Company. Mr. Wang graduated from Shantou University (汕頭大學) majoring in international business laws and is a qualified PRC lawyer. Mr. Wang is responsible for investment development of the Group. Prior to joining us in 2003, Mr. Wang was a partner in Guangdong Bowen Law Offices from 1996 to 2003.

Chen Hua **(陳華)**, aged 60, 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 our property development projects in the eastern region of Guangdong Province (including Dongguan, Shanwei, Huizhou Huiyang and Huidong Yapojiao districts). Prior to joining us in 2007, he was a director of Poverty Alleviation and Development Office of Heilongjiang Provincial Government. He has over 33 years of experience working in government. Mr. Chen is the father-in-law of Ms. Yang Huiyan.

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, 2007, 2008 and 2009, was RMB18.5 million, RMB15.3 million and RMB18.5 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, 2007, 2008, and 2009, we contributed RMB28,000, RMB36,000 and RMB51,000, 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, 2007, 2008, and 2009, were RMB18.5 million, RMB15.4 million and RMB18.6 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, 2007, 2008, and 2009.

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. Cui Jianbo, 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 March 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
Ms. Yang Huiyan	Interest of Controlled Corporation(1)	9,760,945,999	59.33%
Mr. Yang Erzhu	Interest of Controlled Corporation(1)	972,000,000	5.91%
Mr. Zhang Yaoyuan	Interest of Controlled Corporation(1)	816,000,000	4.96%
Mr. Ou Xueming	Interest of Controlled Corporation(1)	736,000,000	4.47%
Mr. Su Rubo	Interest of Controlled Corporation(1)	716,000,000	4.35%
Mr. Cui Jianbo	Interest of Spouse(2)	7,993,396	0.05%
Mr. Yang Yongchao	Interest of Spouse(3)	3,310,000	0.02%

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) These shares represent shares held by Ms. He Jianxun, who is the spouse of Mr. Cui Jianbo.

(3) These shares represent shares held by Ms. Su Yuming, who is the spouse of Mr. Yang Yongchao.

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 March 31, 2010 we had acquired a total of 82,628,605 shares of the Company for purposes of the Employee Incentive Scheme. The total consideration to acquire these shares was approximately RMB363.7 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 March 31, 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 to issued share capital
Concrete Win Limited	Beneficial Owner	9,760,945,999[(1)]	59.33%
Automic Group Limited	Beneficial Owner	972,000,000[(2)]	5.91%

Notes:

(1) These 9,760,945,999 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 2007, 2008 and 2009 between our consolidated subsidiaries and our directors, executive officers and original shareholders and, in each case, the companies with which they are affiliated. In 2007, 2008 and 2009, the aggregate amount of our related party transactions (in accordance with HKFRS) was RMB851.9 million, RMB745.1 million and RMB860.4 million, respectively. We discontinued some of these related party transactions after our IPO in April 2007.

The following table summarizes our related party transactions for the periods indicated.

	Year ended December 31,		
(RMB in thousands)	**2007**	**2008**	**2009**
Construction and decoration service income			
Controlled by original shareholders[1]	585,385	335,109	366,825
Purchase of design service			
Controlled by original shareholders	74,755	180,955	226,385
Purchase of construction material and water			
Controlled by original shareholders and their close family members	165,327	208,058	95,852
Disposal of available-for-sale financial assets			
Controlled by original shareholders	-	-	143,995
Key management compensation			
Salaries and other short-term employee benefits	26,444	20,937	27,345
Total	851,911	745,059	860,402

Note:
(1) Our "original shareholders" in this section and elsewhere in this memorandum refer to Yang Huiyan, Yang Erzhu, Su Rubo, Zhang Yaoyuan and Ou Xueming.

Substantially all of our related parties transactions after our IPO arose from trade activities. As of December 31, 2007, 2008 and 2009, we had the following significant trading balances with our related parties:

	As of December 31,		
Balances due from related parties—	**2007**	**2008**	**2009**
	(RMB in thousands)		
Included in amounts due from customers for contract work	19,319	292,624	175,110
Included in other receivables	275,250	-	144,403
Total	294,569	292,624	319,513
Balances due to related parties—			
Included in trade payables	51,926	49,724	173,693

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 2007, 2008 and 2009, the aggregate services fees we received from Qingyuan Country Garden Co. amounted to RMB555.1 million, RMB335.1 million and RMB366.8 million, respectively.

We also provide construction and decoration services to Qingyuan Country Cultural Development Co., Ltd. and Guangdong Country Garden School. The total service fees we received from them in 2007, 2008 and 2009 were RMB30.3 million, nil and nil, 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. For each of three years ended December 31, 2007, 2008 and 2009, the total purchase prices amounted to RMB74.8 million, RMB181.0 million and RMB226.4 million, respectively. We estimate that the maximum total fees for design services provided by Elite Architectural Co. to us will not exceed RMB300.0 million for the year ending December 31, 2010.

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 the construction of most 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. For each of the three years ended December 31, 2007, 2008 and 2009, purchases of cement products from Grand Cement Co. amounted to RMB152.2 million, RMB190.7 million and RMB81.9 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 June 20, 2008 ("Jiangkou Water Supply Supplemental Agreement"); and
- the water agreement ("Crystal Water Supply Agreement") dated March 27, 2007 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, 2008 and subject to the annual caps of not exceeding RMB6.0 million for each of 2008, 2009 and 2010 respectively. The term of the Crystal Water Supply Agreement is for three years commencing from January 1, 2007 and subject to the annual caps of not exceeding RMB17.0 million for each of 2007, 2008 and 2009 respectively. 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 RMB3.5 million and RMB8.9 million respectively in 2007, and RMB5.3 million and RMB12.0 million respectively in 2008.

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 three years ending December 31, 2009, 2010 and 2011.

Guarantee and pledge

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, 2009.

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, 2009, our total borrowings (including the 2014 Notes and the Convertible Bonds) totaled RMB17,769.6 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 the 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, China Construction Bank, Bank of China and Agricultural Bank of China, 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, 2009, the aggregate outstanding amount guaranteed was RMB13,540.3 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. As of the date hereof, RMB4,314,000,000 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.

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 "—Senior Notes due 2014—Collateral."

Senior Notes due 2014

On September 10, 2009, we entered into an indenture (as amended and supplemented, 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, 2009, 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 capital stock of certain 2014 Subsidiary Guarantors (the "2014 Collateral") is currently pledged to secure on a *pari passu* basis our obligations under (i) a trust deed constituting the Convertible Bonds, and (ii) the 2014 Notes and subsidiary guarantees provided by the subsidiary guarantor pledgors under the 2014 Indenture. The 2014 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 incur additional permitted *pari passu* secured indebtedness which would be secured by the 2014 Collateral on a *pari passu* basis with the Convertible Bonds, the 2014 Notes and the subsidiary guarantees provided by the subsidiary guarantor pledgors under the 2014 Indenture, subject to the intercreditor agreement described below.

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 and each of the related 2014 Subsidiary Guarantees contain 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 form 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.

Intercreditor agreement

On September 10, 2009, we entered into an intercreditor agreement with, among others, The Bank of New York Mellon as the intercreditor agent and/or collateral agent (in each case, referred to herein, as the "Intercreditor/Collateral Agent"), the trustee for the Convertible Bonds and the trustee for the 2014 Notes, which was supplemented on September 23, 2009 (the "Intercreditor Agreement"). This Intercreditor Agreement governs the relationship among the holders of the 2014 Notes and the holders of the Convertible Bonds in respect of the security interests created by the 2014 Collateral that is shared on a *pari passu* basis among them, which secures their obligations under the 2014 Indenture and the trust deed in respect of the Convertible Bonds, as applicable (the "Secured Obligations"). 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.

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. As of December 31, 2009, HK$200.0 million in principal amount was outstanding under this facility.

The BEA Loan has a final maturity date of July 14, 2010. 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.

Interest

The BEA Loan bears interest at the rate of 3% 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, 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; and
- we will maintain interest coverage ratio at not less than 3.0x.

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 the Company 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, 2009, HK$200.0 million in principal amount was outstanding under this facility.

The CMB Loan will mature 18 months from the date of the first drawdown. We cannot prepay the CMB Loan without prior approval of CMB.

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 the Company, 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.