SRE GROUP LTD.

SRE GROUP LIMITED
上置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is issued pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

China New Town Development Company Limited ("**CNTD**"), a company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and a 50.07% owned subsidiary of SRE Group Limited, has on 15 April 2010 released to the SGX-ST announcement (the "Announcement") in relation to Annual Report 2009. The following is reproduction of the Announcement for information purpose only.

On behalf of the Board of Directors of
SRE Group Limited
Shi Jian
Chairman

Hong Kong, 15 April 2010

As at the date hereof, the Board comprises five executive directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong and Mr. Yue Wai Leung, Stan; two non-executive directors, namely Mr. Cheung Wing Yui and Mr. Jin Bing Rong and three independent non-executive directors, namely Mr. Jiang Xie Fu, Mr. E Hock Yap and Mr. Pan Long Qing.

* *For identification purpose only*

NEW TOWN

CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED
中 国 新 城 镇 发 展 有 限 公 司

Breaking New Grounds

Annual Report 2009

Contents

Corporate Profile

While China New Town Development Company Limited was incorporated in January 2006, our first project located in Shanghai was incepted in September 2002. Since our listing on the Singapore Stock Exchange on 14 November 2007, we have acquired three additional projects. The current portfolio covers a total site area of approximate 35.4 sq.km.

We are a leading new town developer in the PRC. We are principally engaged in the planning and development of large-scale new town projects in the suburban areas of China's largest cities. Currently, we have three new town projects in Shanghai, Wuxi and Shenyang.

These new town projects are located in some of the fastest growing economic zones in China, namely, Yangtze River Delta and Pan Bohai Region.

While we principally produce developable land parcels for sale through public auctions, we also acquire the land use rights to parts of the remaining land to develop, manage and operate commercial properties, such as hotels and convention centers. In addition, we enter into agreements with the local governments to build, manage and operate public amenities, such as museums and recreational parks.

VISION

Our Vision is to become the best run new town developer in China.

MISSION

Our Mission is to build shareholders' value by developing large-scale new townships in China.

We focus on suburban areas of major cities in the PRC and identify potential business opportunities through deliberate market research and feasibility studies. Going forward, we aim to expand into other cities, which enjoy higher economic growth potential and increasing demand driven by continued urbanization.

We manage the entire development process of each new town development project, from designing of the master plan of the new town, relocation and resettlement of incumbent residents and enterprises, clearing and preparation of the land, to installation of infrastructure. In each of the new town projects, we develop, clear and prepare residential plots so that they are suitable for public land auctions by the relevant land authorities to third-party residential property developers.

In addition to land sales, we develop, manage and operate commercial properties such as hotels and convention centers. We also enter into agreements with the local governments to build, manage and operate public amenities, such as museums and recreational parks.

OUR BUSINESS

Our Strengths & Strategies

Our competitive strengths:

- One of the first privately-owned companies to plan and develop new towns in China
- Distinctive business model
- Close cooperation with local governments
- Exclusive development and management rights
- Well positioned to tap on rising urbanization trend in the PRC
- Experienced management team

Our business strategies:

- Enhance geographic diversity of our business
- Grow recurrent operating income from commercial properties
- Adhere to international best practice
- Cooperate with leading international property development and management companies
- Focus on long term sustainable return

大道有形 置业为家

壹 坚持坚定正确的政治方向，统筹兼顾股东、投资者、经营者团队等各方利益，为国家和区域经济发展做贡献。

贰 坚持科学发展观，走稳健有序经营、可持续发展的道路，为和谐、民主、法制的社会服务。

叁 坚持改革创新的发展理念，注重学习国际化企业的成功经验，走资产经营与资本经营相结合的发展道路。

肆 坚持以人为本，服务至上的理念，巩固和深化品牌的建设，以优质的产品不断回馈社会，创造出双赢的局面。

伍 坚持制度建设，练好内功，凝聚起企业的“精、气、神”，提高管理团队的职业素质和专业水准，成为行业的排头兵。

陆 坚持发扬拼搏向上、争先创优、勤俭节约的精神，创造出团结、协调、和睦的工作环境和一流的工作效率与经济效益，成为受人尊敬的企业。

Corporate Information

BOARD OF DIRECTORS

Executives

Mr Shi Jian *Chairman*
Mr Li Yao Min *Chief Executive Officer, Co-Vice Chairman*
Ms Gu Bi Ya *Chief Operating Officer*
Mr Mao Yi Ping *Executive Director*
Mr Yang Yong Gang *Executive Director*
Mr Shi Janson Bing *Executive Director*

Non-Executives

Mr Yue Wai Leung, Stan *Co-Vice Chairman, Non-Independent Director*
Mr Henry Tan Song Kok *Lead Independent Director*
Mr Loh Weng Whye *Independent Director*
Mr Lam Bing Lun, Philip *Independent Director*
Mr Kong Siu Chee *Independent Director*

AUDIT COMMITTEE

Mr Henry Tan Song Kok *Chairman*
Mr Lam Bing Lun, Philip
Mr Loh Weng Whye

NOMINATING COMMITTEE

Mr Loh Weng Whye *Chairman*
Mr Lam Bing Lun, Philip
Mr Kong Siu Chee

REMUNERATION COMMITTEE

Mr Kong Siu Chee *Chairman*
Mr Loh Weng Whye
Mr Lam Bing Lun, Philip
Mr Henry Tan Song Kok

INVESTMENT COMMITTEE

Mr Lam Bing Lun, Philip *Chairman*
Mr Kong Siu Chee
Mr Henry Tan Song Kok
Mr Loh Weng Whye

COMPANY SECRETARY

Ms Low Siew Tian

BUSINESS ADDRESS

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1 Harbour Road
Wanchai, Hong Kong SAR
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Facsimile: (852) 3965 9111
Website: www.china-newtown.com

REGISTERED OFFICE

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P.O. Box 3340
Road Town, Tortola
British Virgin Islands
Telephone: (284) 494 6004
Facsimile: (284) 494 6404

SINGAPORE SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
8 Cross Street #11-00
PWC Building
Singapore 048424

LEGAL ADVISOR

WongPartnership LLP
One George Street #20-01
Singapore 049145

AUDITOR

Ernst & Young
18th Floor, Two International Finance Centre
8 Finance Street, Central, Hong Kong SAR
Partner-in-Charge: Mr Philip Leung Wai Lap
Date of Appointment: 20 November 2007

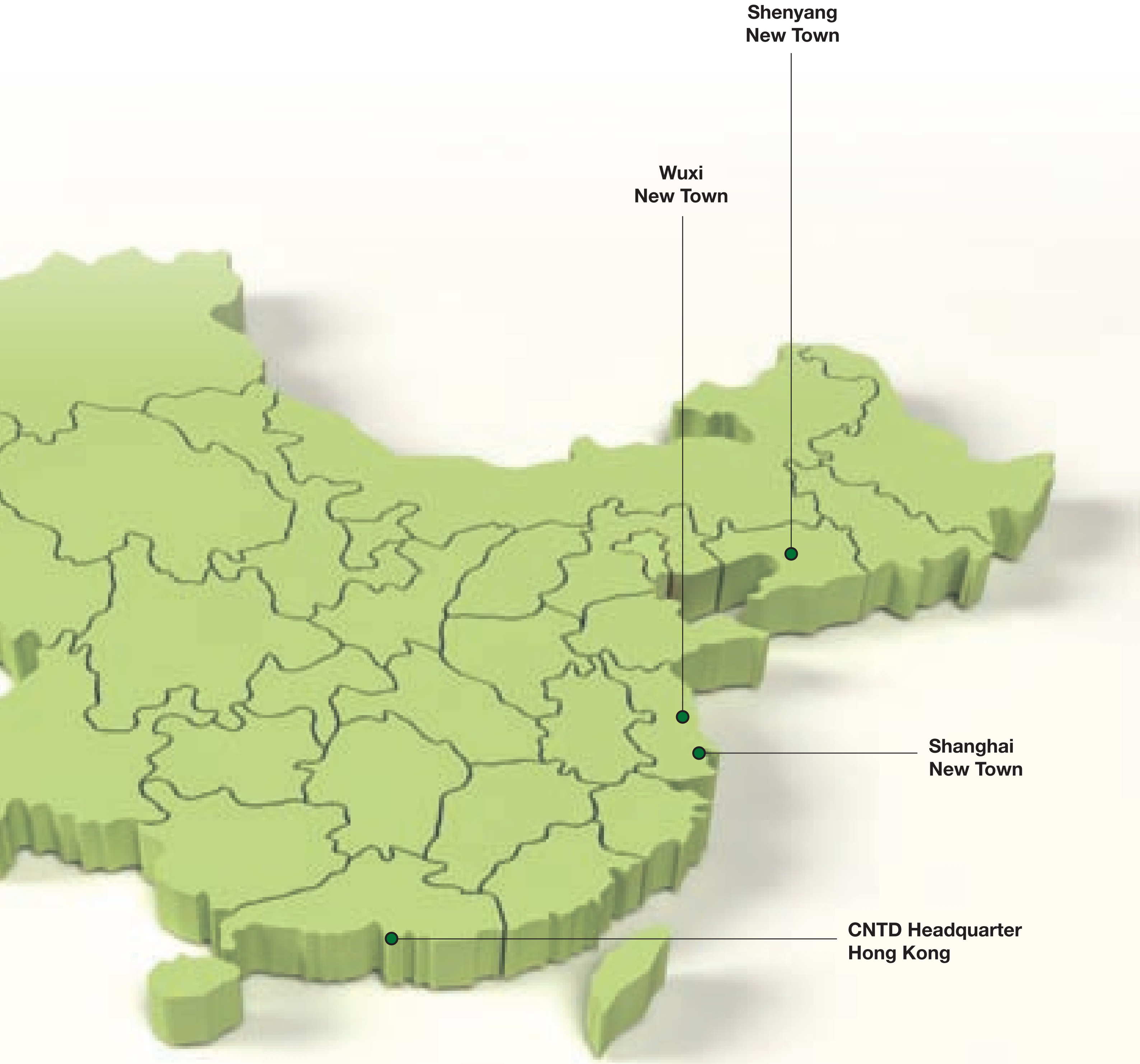
STOCK EXCHANGE LISTED

Singapore Exchange Securities Trading Limited
Stock Name: ChinaNTown
ISIN Code: VGG2156N1006

CREATION
of a better life...

We are the leading new town developer in the PRC
with projects in some of the fastest growing
economic zones in China including;
Shanghai, Wuxi, Shenyang.

Project List



SHANGHAI LUODIAN NEW TOWN

- Site Area: 6.8 sq km
- Located at Baoshan District
- The closest town to Shanghai's downtown among the nine experimental new towns under "One City, Nine Towns" plan
- Substantially completed
- Approximately 1,014,512 sqm of inventory available for sale
- 199,088 sqm sold in 2009

WUXI HONGSHAN NEW TOWN

- Site Area: 8.68 sq km
- Located at Hongshan New District
- Close proximity to the Wuxi city centre and Wuxi Airport
- Work in progress expected to be completed by 2014
- Approximately 3,416,196 sqm of inventory available for sale
- 135,073 sqm sold in 2009

SHENYANG LIXIANG NEW TOWN

- Site Area: 20.0 sq km
- Located at Dongling District
- Close proximity to Shenyang city centre
- An integrated tourism commercial, ecological and residential project
- Work in progress expected to be completed by 2013
- Approximately 11,843,695 sqm of inventory available for sale

Projects List *Shanghai Luodian*

Railway Metro Line No. 7

Transportation Hub

Projects List *Wuxi*

Retail Street

Projects List *Shenyang*

Master Plan

主席报告书

Dear Shareholders,

On behalf of the Board of Directors of China New Town Development Company Limited (CNTD), I am pleased to present you the annual results of the Company for the year ended 31 December 2009 (fiscal financial year of 2009).

CNTD made a breakthrough in financial performance in 2009: Revenue increased 93%, the annual profit after tax reached RMB243.46 million, and the profit amounted to RMB166.63 million after the deduction of minority shareholders' equity interests. China's macro-economic recovery certainly played a critical role in this great performance, but the results also demonstrated that the CNTD's business model, after years of investment and operation, has hit a turning point toward profitability.

First and foremost, CNTD benefited from China's economic recovery. While the rest of the world still lingered in the economic downturn through 2009, China's economy showed the first signs of recovery, thanks to its stimulus packages and other related policies. With the support of a loose fiscal policy and the propelling force of domestic demand, the real estate industry rebounded quickly in the second quarter. According to currently available statistical data, in 2009, a total of 937 million sq.m. of commodity property sold nationwide, a 42% increase over last year; among commodity property sales, residential property increased 44%. Sales revenue of commodity property amounted to RMB4.4 trillion, an increase of 76% over last year; among this, sales revenue of residential property increased 80%. The land supply market similarly showed a robust uptick in 2009. Taking Shanghai as an example, the transaction price kept rising and the average selling price reached approximately RMB7,200 per sq.m. gross floor area, increasing 111% from RMB3,400 per sq.m. in 2008.

尊敬的股东：

本人谨代表董事局向诸位提呈中国新城镇发展有限公司(CNTD)截至2009年12月31日之全年（2009年会计年度）业绩报告。

2009年是CNTD的发展和经营实现重大突破的一年。在销售额同比增长93%的基础上，全年税后盈利达到人民币24,346万元，扣除少数股东权益的盈利达到人民币16,663万元。这既是受益于中国宏观经济的复苏，更反映了在在多年的投资和经营下CNTD的商业模式到达了一个转折性的盈利点。

CNTD首先受益于宏观经济的复苏。2009年虽然世界经济仍在经济周期低谷中徘徊，但中国经济在政府刺激经济发展的诸多政策因素主导下，率先启动了复苏的进程。在宽松财政及鼓励内需消费的支持下，房地产行业在二季度进入了迅速的反弹。据目前得到的统计数字，在整个2009年度，全国商品房销售面积93,713万平方米，比上年增长42%，其中商品住宅销售面积增长44%。商品房销售额43,995亿元，比上年增长76%，其中商品住宅销售额增长80%。土地供应市场在2009年同样呈现了强劲的增长。以上海市为例，摘牌成交价格持续走高，加权平均楼板价达到约7,200元／平方米，比2008年的约3,400元／平方米，提升了111%。

Among all new town projects under CNTD, the relatively mature Shanghai Luodian Project made the greatest achievements and transitioned from the investment stage to the “harvest” stage. In 2009, Shanghai Golden Luodian Development Co. Ltd. handed over land parcels totaling 199,088 sq.m. (approximately 299 mu) contributing RMB1.82235 billion in gross revenue. In September 2009, one plot of the land in Luodian achieved a record-breaking price of RMB9.12 million per mu and selling price of RMB9,128 per square meter gross floor area, an increase of 100% to 150% over that of 2008. This not only shows large-scale real estate developers’ increasing confidence in the Luodian new town development but also increased room for land price appreciation in Luodian new town.

在CNTD的各新城镇开发项目中，相对成熟的上海金罗店项目实现了最亮丽的业绩，从投入期进入了收获期。2009年，上海金罗店开发有限公司合计出让地块土地面积199,088平方米（约合299亩），出让总价为182,235万元。其中在2009年9月由大型国有房地产开发商」中华企业股份有限公司」摘牌的地块，每亩成交价为912万元，楼板价达到每平方米9,128元，创下罗店新镇土地价格的新高，比2008年的出让价上升了将近100%-150%。这既反映出大型房地产企业对罗店新镇地域经济趋势的持续看好，也进一步拓展了罗店新镇土地价格的空间。

Transportation infrastructure in Luodian has also witnessed important improvements in 2009. Most of the investment came from government, evidencing strong governmental support. The project of widening Hutai Road, the main road to Luodian new town and finished in early 2010. Metro Line No. 7, cutting through five districts of Shanghai, has extended to Luodian new town, with two new stations. The subway will formally open to the public in May 2010, making the commute from Luodian to Shanghai downtown around 40 minutes by subway. To seize the opportunity for subway extension, Shanghai Golden Luodian Co. Ltd. bought a plot of commercial use land, covering more than 17,969 sq.m. next to the Metro Line No. 7 station. The land will be used to build a traffic hub and commercial supporting facilities.

罗店新镇的交通设施建设在2009年也获得重大突破。政府对罗店交通改善的投入是对罗店项目的充分支持和肯定。通往罗店新镇的主要道路沪太路由政府在2010年初全面拓宽完成。贯穿上海五大区并通至世博会会场的地铁7号线延伸段在罗店新镇设立了两个站点，并定于2010年5月正式通车，到达市中心只需40分钟左右车程。为充分利用此次机遇，金罗店公司自身摘牌7号线站点旁的17,969余平方米商业用土地，用于建设城市快速轨道交通枢纽，并在其上盖建造有关商业配套设施。

Luodian new town's functionality is being continuously enhanced. Supporting facilities, such as elementary and high schools (grades 1 to 9), kindergartens, culture, health centers, etc., are being built on schedule. Some projects have already completed. The outlets on Retail Street, Lake Malaren, opened to the public on 18 January 2009. The 10,863 sq.m. shops on the first floor in AB district, where the outlets are located, have been fully leased and 85% of the shops have opened for business. Notable projects, such as China Welfare Institute Lake Malaren Kindergarten, National Development and Reform Commission – Paris HEC Business School EMBA Project (Shanghai Class) and the permanent office of the Commission of Lake Malaren Cross-Strait Entrepreneurs have been landed and settled in Luodian new town.

罗店新镇功能日趋完善。9年一贯制中小学、幼儿园、文化卫生中心等一批公建配套工程如期进展，部份项目已竣工完成。美兰湖北欧风情街奥特莱斯于2009年1月18日顺利开业，其所处的AB区一楼商铺有10,863平方米已经满租，开业率达85%。中国福利会美兰湖幼儿园、国家发改委－巴黎HEC商学院EMBA项目上海班、美兰湖海峡两岸企业家论坛永久会址等品牌项目，相继在罗店新镇落地或定点。

Luodian new town was titled an "Experimental Town of the United Nations Development Program" in March 2009 and became one of ten experimental sites for town reformation of Shanghai in September 2009.

罗店新镇还于2009年3月，获得「联合国开发计划署试点城镇」命名，并于2009年9月正式列为上海市10个小城镇改革试点之一。

Last-year's Luodian Project performance established a milestone for CNTD, proving CNTD's successful and profitable business model. Key success factors stem from core capabilities that have solidified and improved through years of experience:

罗店项目在去年的业绩对于整个CNTD集团发展上具有重大意义。它强有力地证明了CNTD的开发模式是一个成功的商业盈利模式。其中的成功因素是在过去多年的实战经验中不断巩固和提高的核心竞争力：

- CNTD is highly experienced in working with government, not only achieving win-win economic situations with governments but also setting an example of socially conscious enterprise with a goal of sustainable development;
- CNTD possesses outstanding design and planning capability, providing a product, namely land, that is well-received by the market;
- CNTD's strong earnings capability results from investments in past years beginning to generate significant profits in 2009.

- 高度的政府合作能力；不仅实现经济上双赢，而且为政府树立有社会责任心，可持续发展的企业典范
- 强大的设计规划能力；推出的产品（即土地）为市场所高度认可
- 优秀的盈利和财务规划能力；前期的投资在2009年开始显现丰厚的回报

The core competitive capabilities mentioned above are highly replicable and transferrable to Wuxi Project and Shenyang Project.

以上核心竞争力具有高度可复制性和可转换性，为其在无锡和沈阳项目的开发打下了良好的基础。

Wuxi Project also performed well in 2009. Land sale was carried out in a measured pace, with sales price rising steadily. In 2009, Wuxi Hongshan New Town Development Co. Ltd. delivered land parcels of 135,073.7 sq.m. (around 203 mu) with a total price of RMB202.61 million and the selling price per gross floor area of RMB1,875.1 per sq.m.. In February 2010, another two plots of land totaling 119,680 sq.m. (approximately 180 mu) were delivered. The sale price totaled RMB244 million and selling price per gross floor area was around RMB1,965 to RMB2,009 per sq.m. an increase of nearly 7% over 2009. Luodian has experienced similar increase in land price over the years. Only three years have passed since Wuxi Project started and it still remains in the early development stage compared with the eight-year development history of Luodian Project. Land value of Wuxi Project is expected to rise steadily and then increase much faster when the project development approaches maturity. The purchasers of land plots in Wuxi Project were a local Wuxi company and a Singapore real estate company incorporated in Wuxi, thus creating a diversified base of developers for the Wuxi new town.

无锡鸿山项目在2009年进展良好，其土地出让也在渐进有序的进行，并实现了土地出让价格的稳步增长。2009年，无锡鸿山新城镇开发有限公司出让地块土地面积135,073.7平方米（合203亩），出让总价人民币20,261万元，合楼板价1,875.1元／平方米。2010年2月，又有两幅合计119,680平方米（约合180亩）的土地挂牌出让，出让总价人民币24,400万元，合楼板价每平方米1,965至2,009元，比2009上将近7%。出让价格的稳步上升正符合我们在罗店开发的经验。现无锡项目开发仅有3年时间，相比罗店的将近8年的开发历史，仍旧处在初期阶段。在项目开发达到一定成熟度时，土地价值才会出现一个转折性的飞跃。无锡项目出让之土地的摘牌方分别为无锡新区地方公司和注册于无锡的外商（新加坡）投资公司，实现了多家房地产开发公司在无锡新城镇从事房地产开发的局面。

Both land preparation and relocation work in Wuxi Hongshan new town have progressed on schedule. Breakthrough progress in attracting investment has occurred in Wu Retail Street of Wuxi Hongshan new town. A number of shops have opened for business, and a good business environment has gradually developed. Wu Culture Square and Wu Culture Retail Street have been listed on the travel route of culture trip of Wu, and public transportation for tourists is available from Wuxi Railway Station to Wu Culture Square. Planning in Wuxi has been further optimized and more land parcels are expected to be delivered for sale in 2010.

无锡鸿山新城镇的土地平整和动迁工作如期进展。无锡鸿山新城镇吴文化风情街招商取得突破。数家商户已开张营业，商业氛围逐渐形成。无锡鸿山新城镇的吴文化广场、吴文化风情街被列入吴文化之旅的景点线路，并开通了无锡火车站至吴文化广场的旅游公交线路。无锡规划亦已进一步优化，预期新一轮土地将于本年稍后推出。

The development period for Shenyang Lixiang Project is the shortest among our projects but the site area is the largest with unparalleled natural and tourism resources. Shenyang Lixiang Project will become the highlight of our green, low-carbon and sustainable development. The land of nearly 20 sq. k.m. will serve as an important profit resource for CNTD for many years to come. In 2009, Lixiang new town planning was adapted and improved for the amendment of the overall planning of Shenyang city. Shenyang Lixiang Project will focus on the construction of public facilities, such as a boiler plant for heating, a sewage treatment plant and other land preparation work.

沈阳李相在我们各个项目中开发时间最短，但面积是最大的，并且具有无可比拟的自然和旅游资源。它将是我们未来绿色，低碳，可持续发展战略的重头戏。将近20平方公里的规模将会在未来很多年里成为CNTD的重要利润来源。在2009年度，由于沈阳市整体规划修编，相对应的李相新城规划也在进行完善。沈阳李相的工作还集中在供暖锅炉房、配水厂、污水处理站等配套工程建设，以及可出让土地之组卷、报卷工作等。

In 2009, CNTD's debt structure has improved significantly. CNTD bought back most of its high yield debt due in 2011, using cash, share allotment and distribution of convertible bonds. Meanwhile, it procured relatively low interest on shore bank loans, greatly reducing its financing costs.

2009年间，CNTD的债务结构得到了明显改善。CNTD以现金，配股和发行可转股债券的形式回购了2011年到期的高息债，同时成功地得到相对低息的银行贷款，大幅减少了融资成本。

PROSPECTS

The economic environment in 2010 is the most complicated. The Central Government has taken the right steps in reaction to current land and real estate market conditions by publishing a series of new land policies. Current and future policies and regulations will take into consideration the market mechanics of the real estate industry. Reasonable housing prices require steady and well planned land supplies. Furthermore, greatly increasing land supply allocation to affordable or subsidized housing is an important governing philosophy. Thus, the future supply of land for commodity property will likely be maintained under 30% of the total. Given the supply and demand of land for commercial property, companies holding the development rights of a large inventory of commodity property land see great opportunity and potential. Given CNTD's significant land inventory, highly favorable recognition from the government, successful land sales track record and its planning and development capabilities, CNTD's asset value is becoming increasingly attractive with large room for appreciation.

展望

2010年是经济形势最为复杂的一年。中央最近陆续出台的土地政策是积极应对当前土地和房地产行业发展情况的正确选择。政策调控也考虑到房地产行业本身自有的发展规律。房产价格的合理化离不开土地健康，有序的供应。同时，进行土地供应结构调整，大力加强保障性住房建设也是重要的执政理念。未来商品房的土地出让会控制在出让总量的30%以下。供求关系决定了商品房土地未来的价格。从上述两点来看，拥有充足的商品房土地发展权的公司将会拥有很大的机会和潜力。CNTD的大量可售土地，加上CNTD得到政府和市场高度认可的土地规划开发和提升能力，使得其资产价值具有很大吸引力和充足的上升空间。

The CNTD team has survived the most difficult times in the financial crisis, evidencing the team's strength. In 2009, we further fortified our management team. Ms. Gu Bi Ya, who has almost two decades experience in the real estate development industry and has served as general manager of Luodian Project for years, rejoined CNTD as COO and general manager of Wuxi Project after recovering from health issues. Ms. Song Yi Qing also joined CNTD as CFO in March 2010. Ms. Song Yi Qing is a member of American Institute of Certified Public Accountants, with a Wharton Business School MBA in finance and a Master of Accounting from College of William and Mary in the United States. She has years of work experience in US and Asia with Ernst & Young LLP, Citi Group and Bain & Company.

CNTD的团队渡过了金融危机最艰难的时期。能接受如此严峻的挑战，是对团队实力的最好证明。我们在2009年对管理层进行了进一步加强：拥有19年房地产开发经验，曾多年担任罗店项目总经理的顾必雅女士，重新加入CNTD，担任COO，并兼任无锡项目总经理。在2010年3月，宋亦青女士加入CNTD，担任CFO。她是美国注册会计师，拥有美国沃顿商学院金融工商管理硕士学位和美国威廉玛丽大学财务硕士两个硕士学位，并在美国安永会计师事务所，美国花旗银行和美国贝恩战略咨询公司等担任国际性高层管理职位。

Looking forward, based upon the last year's achievements, I am confident that CNTD will make great progress on many fronts in 2010.

我有信心在去年奠定的基础上，2010年将会是CNTD各项业务全面推进及大力发展的一年。

On behalf of the Board of Directors, I would like to express my sincere gratitude to our shareholders, investors, and the governmental authorities of the local cities where our projects are located, for their attention and support of CNTD over the past year. I extend the same gratitude to the management team and all CNTD employees for their dedicated work and contribution over the past year.

在此，我谨代表董事局，向各位股东、投资者、项目所在地的政府相关部门，对CNTD一年来的关注和支持表达由衷的感谢！也对CNTD的管理层和全体员工在过去一年的辛勤工作和努力付出表示衷心的谢意！

Shi Jian
Executive Chairman
7 April 2010

施建
执行主席
二零一零年四月七日

Message from Chief Executive Officer

Dear Shareholders,

2009 is a year of accomplishments: we achieved record high revenue, showed substantial earnings ability, strengthened our balance sheets and improved debt structure. In addition to significant financial improvement, we also received significant awards and recognitions from government and global organizations.

Our 2009 performance was certainly a result of favorable macro economy and strong recovery of the land auction market but it also proved that our business model, development strategy and our team can bring excellent return to shareholders in the long-run.

Many investors are interested in the impact of recent government policies on CNTD. Current policies emphasize the increase of public housing and mid-range private housing supply and the curbing of speculation. They are beneficial for the property sector's healthy and stable growth in the long-run. More importantly, CNTD's strategy is very much in line with current policy directions for a couple of reasons. First, our land development is not targeted at luxury market. New town development is an effective way to alleviate the demand and price pressure for housing in city centrals. Second, we emphasize sustainable development by enhancing land use efficiency, improving surrounding environment, providing complete infrastructure and ensuring a harmonic society while carrying out relocation projects. Third, our new town development model fits central government's goal of stimulating domestic demand and benefiting local economy. The awards we received not only demonstrated government's recognition of our strategy and philosophy but also will help us in strengthening government cooperation.

Of course, we can never eliminate policy uncertainties which will definitely impact CNTD's business. However, I would like to point out an important attribute of the CNTD's model. We own a large amount of land assets that have substantial room for appreciation. All of our projects are large in scale, situated in economically vibrant regions and in excellent location equipped with transportation infrastructure. With recent policy restricting new supply of land that will most likely allocate a large portion of the new supply to government subsidized housing, our asset value is becoming increasingly attractive.

Going forward we will focus on improving planning and investing in infrastructures. We will also look actively but selectively for growth opportunities.

Business & Financial Review

Let me share with you a quick review of our performance in 2009 and how we plan to move forward in this environment:

Operating Results

While the weak market sentiment in 2008 was carried forward into the first quarter of 2009, we witnessed a significant recovery in demand for land parcels stepping into the second quarter. Revenue has increased by 93% and operating profit has improved significantly from loss to profit comparing to 2008.

During the balance of the year, revenue arising from sale of two land plots from our Shanghai project and two land plots from the Wuxi project was recognized. In particular, the Shanghai plot sold in September 2009 achieved a historical record average price of RMB13,692 per sq.m., which represents 214% increase from the April sale.

Pursuant to new government policy and an agreement reached with local government in July 2009, our subsidiary, Shanghai Golden Luodian ("SGLD") needs to pay a total of approximately RMB600 million additional relocation compensation costs (to incumbent residents) which were not originally anticipated.

In addition, Shanghai Municipal Government approved a revised site master plan of Luodian New Town. The revised plan increased plot ratio and added a few more public facilities to be built (by SGLD), e.g. roads, schools and kindergarten. Hence, the Group increased the estimated cost budget for such public facilities. The total increase of budget cost due to this change in plan is about RMB284 million.

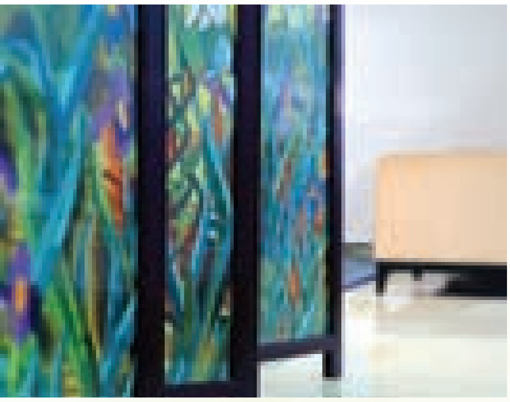
As a result, the unit cost for land development (estimated based on budgeted cost of services over relevant area) was increased from RMB1,192 to RMB2,057 per sq.m. prospectively in 2009. Since more public facilities are needed to be constructed, portion of revenue from land sold allocated to completed public facilities (and related cost of sales) are reduced. The changes resulted in the Group's pre-tax profit was reduced by approximately RMB70 million.

In 2009, the hotel at Luodian suffered from price competition in Shanghai. Revenue was reduced marginally from RMB32 million in 2008 to RMB30 million in 2009.

The golf operations were RMB5 million less in revenue owing to the scheduled improvement of some of the fairways and greens. Segment loss was up marginally by RMB59,000.

Our leasing division has shown a significant improvement during the year. The total rental income has increased from negligible RMB0.56 million in 2008 to RMB6.1 million in 2009.

In December 2009, CNTD ceased the project of Changchun Automobile New Town and the related joint-venture agreement. The committee also agreed to pay as return to CNTD Changchun's investment an extra 10% per annum based the time lapsed from actual date of capital contribution as the cost of capital. The receivable balances will be settled by installments by end of 2010.



Non-Operating Activities

Our reported earnings is helped by a one-off gain of RMB24.7 million arising from the completion of the repurchase of the senior notes dated September 2009. Another addition to the bottom line is an increase in fair value of investment properties under construction in total of RMB39 million as a result of prospective adoption of revised IAS40 this year.

These, however, are partially offset by net revaluation loss of RMB14.1 million mainly attributable to the Wuxi retail street Phase 1 and impairment loss of RMB8.8 million to the International Convention Center at Luodian, Shanghai.

The Wuxi retail street gradually rolled out its leasing campaign during the second half of the year. The first full year contribution will commence in 2010 and the market response is yet to develop fully.

During the year, under review, the Group has collected a sum of RMB5.9 million as tax rebate from the Wuxi New Zone government. This represents an exceptional gain and, however, is not recurrent in nature.

Financing Cost

After the completion of the repurchase of the Senior Notes (see Note 22 on page 118), interest expenses have been reduced substantially. During the year, we have recorded total net finance costs of RMB104 million, which comprise RMB181 million arising from various debt instruments (RMB97 million) and project financings (RMB84 million) partially offset by interests capitalized of RMB77 million. This compares with net finance costs of RMB194 million for 2008.

Taxation

Given the reported net loss in the past 2 years, the Group has recorded tax credit for the years ended 31 December 2007 and 2008. In 2009, however, net profit before tax of RMB342 million gave rise to net income tax of RMB98.8 million.

Liquidity and Risks Management

The significant increase in revenue resulted in a corresponding increase of approximately RMB422 million worth of operating cash, from which our Wuxi project utilized RMB98 million to acquire land use rights of a commercial plot for hotel development. Overall, cash and cash equivalents balance grew significantly over the year to RMB1.5 billion from RMB138 million in last year.

The Group has secured new loan facilities to further construction and development. During 2009, RMB1,090 million of new bank borrowings was drawn down.

Taking into consideration of the repurchase of a substantial portion of the outstanding Senior Notes, the financial leverage ratio (as measured by net interest bearing indebtedness plus trade and other payables/total equity holders' capital and net debt) was reduced to 53.6% from 62.3% last year.

Outlook Prospects

Recent policies state that majority of the new land supply will be used for government subsidized housing. Although the final allocation for new commercial residential land supply has yet to be announced, we do not expect that to be more than 30%. Another important factor is where those new supply of commercial and residential land will come from. Given government's clear message to stabilize rising land and housing prices, providing more affordable land outside of city center can become an important piece of the solution. Aligning CNTD's strategy and government interests has always been an important goal of ours. Such alignment is critical in responding to the uncertainty of government policies.

Earnings Per Share

During the year, the basic earnings per share attributable to equity holders of the company were basic EPS of RMB0.0640 (FY2008: – RMB0.5335).

Dividends

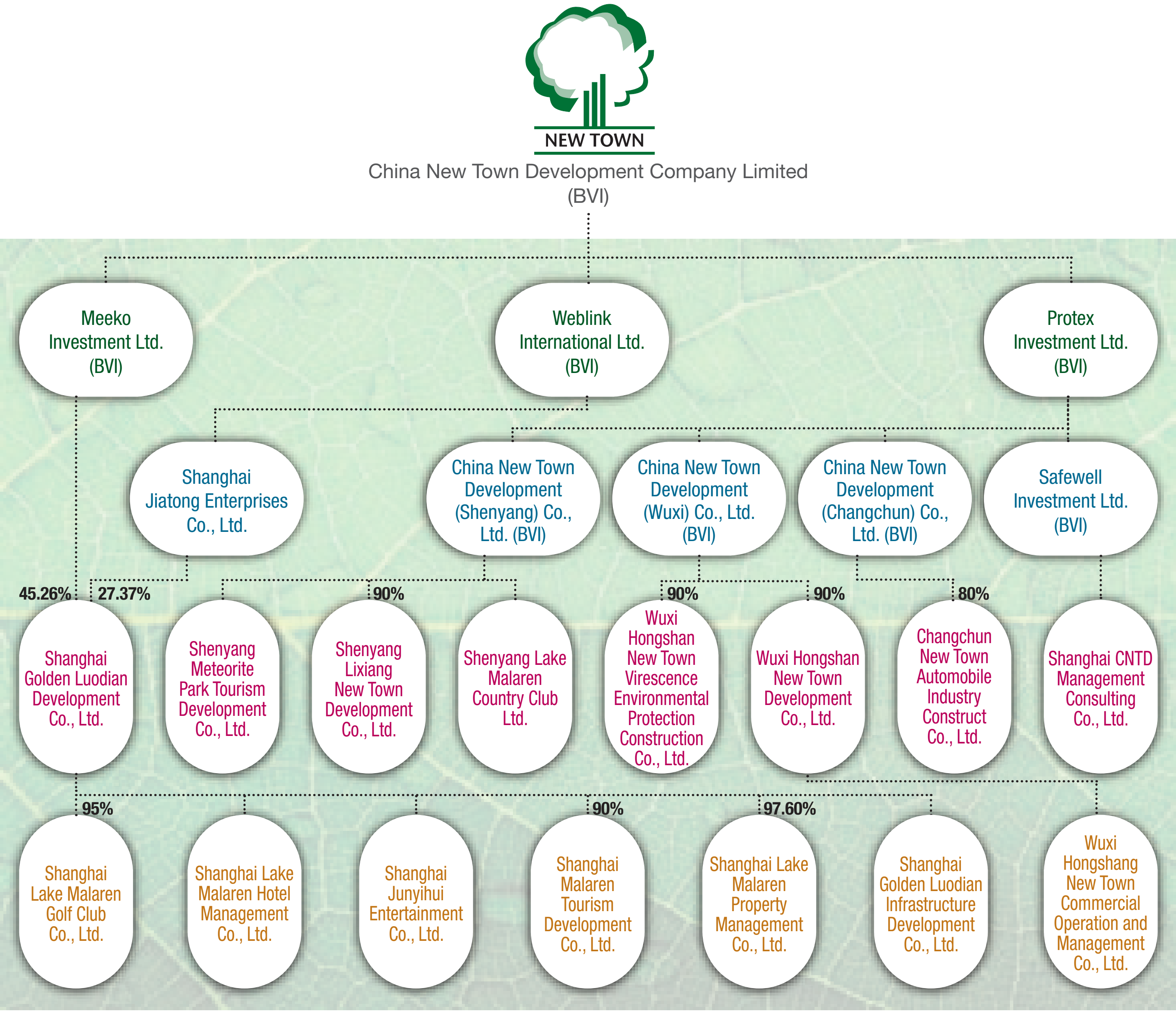
As a demonstration of its commitment to reward and deliver value to its shareholders in return for their loyalty and support since initial public offer, a final dividend of SGD0.278 cents per share is declared, subject to the approval of shareholders at the Annual General Meeting to be held on 30 April, 2010.

Acknowledgement

I would like to take this opportunity to thank all the directors, the management and all the staffs for their diligence over the past year and their contributions to the Group's development. I would also like to thank all the shareholders, our friends from the banking and investment sectors as well as business partners for their continued support and trust towards the Group.

Li Yao Min
Chief Executive Officer
7 April, 2010

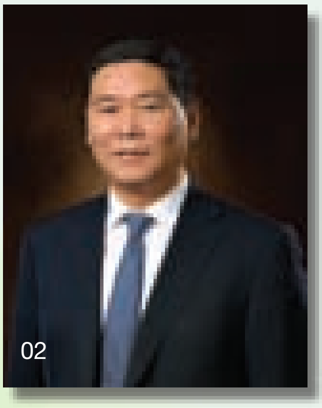
Corporate Structure

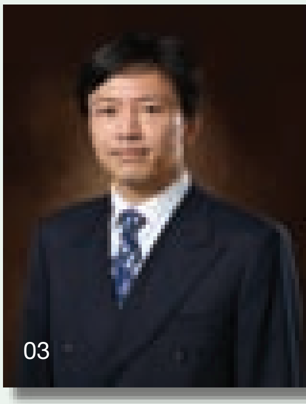


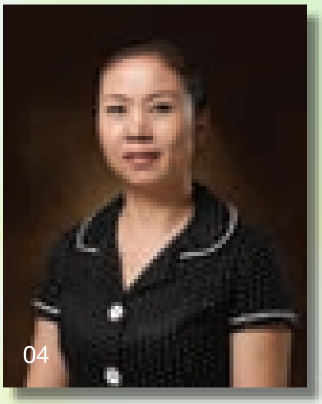
1. *Except as otherwise expressly stated as (BVI) British Virgin Islands, all companies within China New Town Development Company Limited group of companies are incorporated in the People's Republic of China.*
2. *Except as otherwise expressly stated, all companies in this corporate structure are wholly-owned by their respective holding companies.*
3. *Name of accounting firm of the significant subsidiaries as defined in Rule 717 of Listing Manual.*

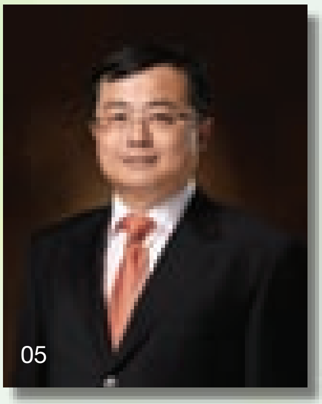
Name of significant subsidiaries	Name of accounting firms
Shanghai CNTD Management Consulting Co., Ltd.	*Huashen Certified Public Accountants*
Shanghai Jiatong Enterprises Co., Ltd.	*Shanghai Jiangnan Certified Public Accountants*
Shanghai Golden Luodian Development Co., Ltd.	*Shanghai Shenzhou Datong Certified Public Accountants*
Shanghai Lake Malaren Golf Club Co., Ltd.	*Shanghai Ruihe Certified Public Accountants*
Shenyang Lake Malaren Country Club Ltd.	*Shen Yang Zheng De Certified Public Accountants*
Shenyang Lixiang New Town Development Co., Ltd.	*Shen Yang Zheng De Certified Public Accountants*
Shenyang Meteorite Park Tourism Development Co., Ltd.	*Shen Yang Zheng De Certified Public Accountants*
Wuxi Hongshang New Town Commercial Operation and Management Co., Ltd.	*Wuxi Fanzheng Certified Public Accountants*
Wuxi Hongshan New Town Development Co., Ltd.	*Wuxi Fanzheng Certified Public Accountants*
Wuxi Hongshan New Town Virescence Environmental Protection Construction Co., Ltd.	*Wuxi Fangzheng Certified Public Accountants*
Changchun New Town Automobile Industry Construct Co., Ltd.	*Jiling Wanxin Certified Public Accountants*

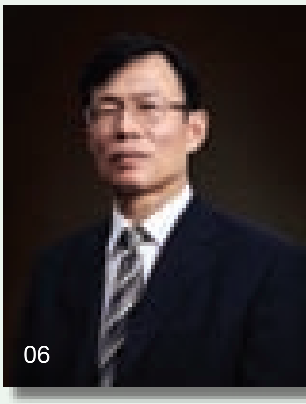
Board of Directors

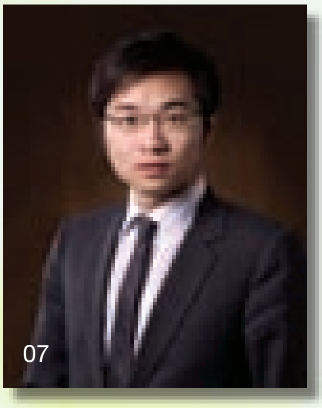


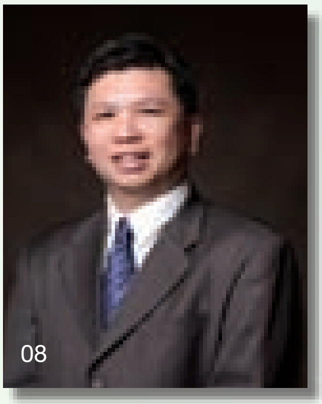


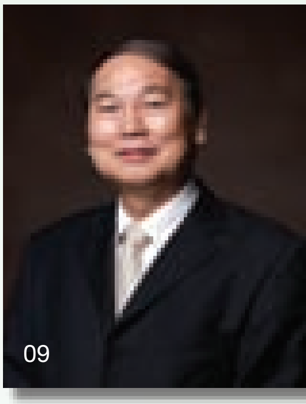












1. **Mr Shi Jian**
Executive Chairman
Mr Shi Jian is the founder of the Company. He was appointed to the Board on 11 January 2007 and has been the Executive Chairman of the Company since 1 April 2007.

Mr Shi is responsible for the development of the Company's corporate strategies. He is involved in assessing the businesses in which the Company is involved and reassesses each strategy regularly to determine whether it has succeeded or needs replacement by a new strategy to meet changed circumstances. He also provides guidance to the Chief Executive Officer in developing plans to achieve each strategy. In addition, Mr Shi is responsible for developing and maintaining good working relationships with government authorities and joint venture partners. He also sits on the boards of various companies within the Group.

Mr Shi served in the People's Liberation Army from 1970 to 1986, attaining the rank of colonel. From 1986 to 1993, he was the Administration Manager of Shanghai Hongqiao Hotel where he gained extensive experience in hotel management and operation. Then, from 1993 to 1995, he was the General Manager of the Universal Mansion Project in Shanghai where he obtained substantial experience in the development of commercial property. He has more than 20 years experience in business management and the property development industry, including approximately five years experience in the new town development in the PRC.

Mr Shi is also a co-founder and is concurrently the Executive Chairman of SRE Group Limited, the parent company of CNTD listed on the Hong Kong Stock Exchange.

2. **Mr Li Yao Min**
Chief Executive Officer/Co-Vice Chairman
Mr Li Yao Min was appointed to the Board on 11 January 2007 and has been the Executive Vice Chairman of the Company since 1 April 2007. Mr Li was previously appointed as Co-Vice Chairman since 1 December 2008 and subsequently re-designated as Chief Executive Officer and Co-Vice Chairman since 7 January 2010.

Mr Li is responsible for identifying investment opportunities to meet the Company's strategies. He is also responsible for making a high-level initial assessment of the investment opportunity and its potential return and developing working relationship with government authorities and joint venture partners. He also sits on the boards of various companies within the Group.

Mr Li served in the People's Liberation Army from 1970 to 1975. From 1975 to 1992, he worked for Shanghai Garment Shoes and Hats Company and was responsible for the management and development of construction projects and gained substantial experience in the management and construction of industrial property. Then, from 1992 to 1993, he was attached to Shanghai Golden World Commercial Building Co., Ltd. as a General Manager, responsible for the overall management and development of commercial property. He has over 20 years of experience in business management and the property development industry, including five years experience in the new town development in PRC.

Mr Li is also the co-founder and concurrently the Executive Vice Chairman of SRE Group Limited, the parent company of CNTD listed on the Hong Kong Stock Exchange.

3. **Mr Yue Wai Leung, Stan**
Non-Independent Non-Executive Director Co-Vice Chairman
Mr Yue Wai Leung Stan was appointed to the Company's Board of Directors on September 30, 2006 and had been serving as Chief Executive Officer since April 2007 to November 2008. Mr Yue was re-designated as Co-Vice Chairman on 1 December 2008 and Non-Independent Non-Executive Director on 3 June 2009. Mr Yue is responsible for assisting the Chairman in formulating corporate strategies and provides guidance to the Company in implementation and business management. He also sits on the boards of various companies within the Group.

Mr Yue holds a Bachelor's Degree in Administration Studies from York University in Toronto, Canada. He is a Member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr Yue has over 20 years of experience in the finance and administration sectors in both private and public companies in Hong Kong and the PRC. He also served with international accounting firms in Hong Kong, the PRC and the United States. Between September 2001 and April 2004, he was the Managing Director of Genesis Capital Investment Consulting Co. Ltd., where he was in charge of business development. Then, from May 2004 to April 2007, he held the position of Chief Financial Officer at SRE Group Limited, the parent company of CNTD listed on the Hong Kong Stock Exchange. He was re-appointed as Co-Chief Executive Officer of SRE since 3 June 2009 and responsible for corporate finance.

4. Ms Gu Bi Ya

Chief Operting Officer/Executive Director

Ms Gu Bi Ya was previously appointed to the Board on 30 November 2006. She was responsible for overseeing the development of the Wuxi Project. On 1 June 2009, Ms Gu resigned from the Board as she had a surgical operation. She has been fully recovered and returned to duty. She was appointed as Executive Director and Chief Operating Officer since 7 January 2010 and is now responsible to enhance the operating effectiveness and efficiency of the Company.

Ms Gu holds a Bachelor's Degree in International Finance from the Lanzhou Business Institute and obtained a Global Urbanization and Business Forum UEO Certificate from the Harvard Design Research Institute. She is a Member of Wuxi City, Wushan District Chinese People's Political Consultative Conference National Committee currently. She was a Member of the Shanghai City, Baoshan District Chinese People's Political Consultative Conference National Committee as well as a Vice Committee Chairman of the Shanghai City, Baoshan District Foreign Investment Business Management Committee. She was awarded the 2005 China Construction Industry Top 100 Managers Award in October 2005.

Ms Gu has over 19 years of management experience in the real estate industry. She has been associated with SRE Group Limited ("SRE"), the parent company of CNTD listed on the Hong Kong Stock Exchange, since 1996 and served as Vice President of SRE until 2006. Between 1996 and 1998, she held the position of Facilities Department Manager at Shanghai Well Real Estate Co., Ltd. ("Shanghai Well Real Estate"), where she oversaw the operation of facilities in real estate project. From 1998 to 2000, she served as an Assistant General Manager at Shanghai Xingdong Co., Ltd., where she was responsible for overseeing the operation of facilities in real estate projects and marketing. She returned to Shanghai Well Real Estate in 2000 and served as General Manager until 2002, where she was responsible for the operations of the company. She was subsequently joined Shanghai Golden Luodian Development Co., Ltd. ("SGLD") as a Director in 2002, where she held the position of General Manager and was responsible for the operations of the company until February 2007.

5. Mr Mao Yi Ping

Executive Director/Vice President

Mr Mao Yi Ping was appointed to the Board on 30 November 2006 and has been the General Manager for the Shenyang Project since 1 April 2007. He is responsible for overseeing the development of the Shenyang Project.

Mr Mao holds a Bachelor's Degree in Mechanical Engineering from Shanghai Jiaotong University and a Master's Degree in Business Administration from the Hong Kong City University.

Mr Mao served as an Assistant to the Chairman of SRE Group Limited, the parent company of CNTD listed on the Hong Kong Stock Exchange, from April 1993 and January 2001, where he was responsible for administration. Between January 2001 and February 2004, he concurrently served as a Director and General Manager at Shanghai Internet Communications Co., Ltd. and Shanghai Telecom Haplink Communications Co., Ltd. and was also the General Manager at Shanghai Wingo Infrastructure Co., Ltd. Between February 2004 and October 2006, he was a Joint General Manager at Shanghai Shuocheng Real Estate Co., Ltd., responsible for the operation of the company's business.

6. Mr Yang Yong Gang

Executive Director/Vice President

Mr Yang Yong Gang held the position of Vice President since April 2007 and was appointed as Executive Director since 3 June 2009. He is responsible for legal affairs of the Company. He holds a Bachelor's Degree in Philosophy from China Xinan Jiaotong University.

Mr Yang was a Production Leader at the Yunnan Province of Meng La Farm from 1969 to 1978, where he was in charge of production management. He subsequently joined China Shanghai Tiedao University in August 1982 and served as a Teaching Assistant, Lecturer and Assistant Professor until January 2000. He was attached to China Tongji University in February 2000 as an Assistant Professor and has remained in this position. He later joined SRE Group Limited, the parent company listed on the Hong Kong Stock Exchange, in January 2001 as Head of Administration where he was responsible for investment and legal matters. Mr Yang was awarded the Shanghai City Excellent Educator Award in June 1987.

7. Mr Shi Janson Bing

Executive Director/Vice President

Mr Shi Janson Bing was appointed to the Board on 12 December 2007. He is responsible for project development and plays a significant role in the negotiation process for new projects and joint ventures, as well as the developments of the same. He also became the chairman of Crowne Plaza Lake Malaren Hotel since end of 2008. He is the son of Mr Shi Jian, the Executive Chairman.

Mr Shi Janson Bing graduated from University of Southern California with Bachelor's Degree in accounting. He previously worked with CITIC Ka Wah Bank in the United States and PricewaterhouseCoopers in the People's Republic of China.

8. Mr Henry Tan Song Kok

Lead Independent Non-Executive Director

Mr Henry Tan Song Kok was appointed to the Board on 25 September 2007. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee and Investment Committee.

Mr Tan graduated with a First Class Honours degree in Bachelor of Accountancy from the National University of Singapore. He is a fellow of the Institute of Certified Public Accountants of Singapore, member of the Institute of Chartered Accountants in Australia, Institute of Internal Auditors, Inc (Singapore Chapter) and Singapore Institute of Directors.

Mr Tan is the Managing Director of Nexia TS Public Accounting Corporation and the Chairman of Nexia China. He is also the Asia Pacific Regional Chairman and board member of Nexia International.

Mr Tan also sits on the boards of Chosen Holdings Limited, Raffles Education Corporation Limited, YHI International Limited, Pertama Holdings Limited and Ascendas Funds Management (S) Limited (as manager of A-reit).

9. Mr Loh Weng Whye

Independent Non-Executive Director

Mr Loh Weng Whye was appointed to the Board on 25 September 2007. He is also the Chairman of the Nominating Committee and a member of the Audit Committee, Remuneration Committee and Investment Committee.

Holding MSc. (Ind. Engg.) and BEng. (Mechanical) degrees, Mr Loh is a Professional Engineer (Singapore), a Member of the Singapore Institute of Directors, and was elected a Fellow of the Institution of Engineers, Singapore in 1995.

He is a veteran in power industry and infrastructure development in Singapore and the region, with over 35 years of experience in senior appointments with the civil service, government-linked companies and the private sector. Under the Public Utilities Board, he headed Generation Projects group responsible for the management and commissioning of power projects worth more than S$3 billion. He was also the founding General Manager (Projects) of Tuas Power Ltd. Mr Loh was formerly President of ST Energy and SembCorp Energy Pte Ltd. He was appointed Advisor to Green Dot Capital, an investment and holding company under Temasek Holdings. He was also the Senior Advisor to YTL Power International in the S$3.8 billion acquisition of PowerSeraya Ltd.

Currently, Mr Loh sits on the boards of local and overseas corporations, including several SGX mainboard-listed companies. He also holds advisory appointments in external councils and charity organizations. He has served on the mechanical engineering advisory panels of NUS and NTU for many years.

10. Mr Kong Siu Chee

Independent Non-Executive Director

Mr Kong Siu Chee was appointed to the Board on 30 November 2006. He is also the Chairman of the Remuneration Committee and a member of the Nominating Committee and Investment Committee.

Mr Kong holds a Bachelor Degree in Economics from the University of Hong Kong and an MBA from the Chinese University of Hong Kong. He is an Associate of The Chartered Institute of Bankers in United Kingdom.

Mr Kong began his career in 1969 with Standard Chartered Bank, where he served in various managerial positions for 24 years. In 1993, he pursued his new business interest in the telecommunications sector and was a Director of Champion Technology Holdings Ltd. from 1993 to 1994, and a Director of Kantone U.K. Ltd. from 1994 to 1996. Between 1999 to 2005, he served as a Director, Executive Vice President and Alternate Chief Executive Officer of CITIC Ka Wah Bank Limited, and was also a Director and the Managing Director of CITIC International Financial Holdings Limited from 2002 to 2005.

11. Mr Lam Bing Lun, Philip

Independent Non-Executive Director

Mr Lam Bing Lun, Philip was appointed to the Board on 30 November 2006. He is also the Chairman of the Investment Committee and a member of the Audit Committee, Nominating Committee and Remuneration Committee.

Mr Lam holds a Diploma in Management Studies from Hong Kong Polytechnic. Mr Lam is active in community affairs and has served as a Member on the Board of Review of the Hong Kong Inland Revenue Department for three years. He is a Fellow of The Chartered Institute of Management Accountants (U.K), an Associate of The Certified Management Accountants (Canada), The Institute of Chartered Secretaries and Administrators, The Chartered Institute of Bankers and Hong Kong Institute of Certified Public Accountants. He is also a Member of Establishment & Finance Committee of Prince Philip Dental Hospital.

Mr Lam began his career in 1963 with Hang Seng Bank Ltd, a principal member of the Hong Kong and Shanghai Banking Corporation Group. Mr Lam first joined the University of Hong Kong ("HKU") in 1975 and has served as the Director of Finance since 1990, where he is responsible for overseeing and managing HKU's overall financial affairs. He also spent three years in Canada from 1982 to 1985, where he served as the Chief Accountant and Comptroller in the Overseas Bank of Canada.

Mr Lam is also currently a Director of EnterprisesAsia Ltd, a company listed on the London Stock Exchange. He also sits on the boards of several companies in Hong Kong.

Key Management

Ms Song Yi Qing

Chief Financial Officer

Ms Song Yi Qing was appointed as Chief Financial Officer since 8 March 2010. She is in charge of financial planning and investment management as well as the investor relations affairs for the Group.

Ms Song holds Master Degree of Business Administration from Wharton Business School at the University of Pennsylvania, Master Degree in Accounting from The College of William and Mary and a Bachelor Degree of Arts in Business and English from Shanghai Institute of Foreign Trade. She is a member of the American Institute of Certified Public Accountants. She has seven years of experience in international accounting, global investment banking and global strategy consulting. She provided professional financial consultancy and other advisory services to different global industry sectors.

Mr Tai Kuo Lin

Vice President

Mr Tai Kuo Lin held the position of Vice President of Shanghai Golden Luodian Development Co., Ltd. since February 2007. He is responsible for the operation of golf club recreational facilities of the Group. Mr Tai holds a professional golfing certificate from the San Diego Institute.

Mr Tai has over 20 years experience in the golf industry. From 1986 to 2002, he was the Vice Chairman of U.S. UNIFAIR Consultancy Company and was responsible for golf resort consulting services. During the period, he was also a professional Golf Coach in the United States and Taiwan PGA tours and he also worked as the Special Assistant to the General Manager of the Taiwan Yangsheng Village Golf Course. In 2003, he became a Vice President of SRE Group Limited, a company listed on the Hong Kong Stock Exchange, until he joined Shanghai Lake Malaren Golf Club Co., Ltd. in 2004, a subsidiary of the Company, as General Manager. In June 2006, he was appointed as Joint General Manager of Shanghai Lake Malaren Golf Club Co., Ltd.

Corporate Governance Report and Financial Contents

Corporate Governance

The board of directors (the "Board") and management are committed to maintaining a high standard of corporate governance by complying with the principles and guidelines of the Code of Corporate Governance 2005 (the "Code") issued by the Corporate Governance Committee. Good corporate governance is an integral element of a sound corporation as it promotes corporate transparency, protects and enhances shareholders' interests. This statement outlines the main corporate governance practices and processes that were in place throughout the financial year.

(A) BOARD MATTERS

The Board's Conduct of Affairs

The Board has overall responsibility for the proper conduct of the Company's businesses. The Board's primary role is to provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Group to meet its objectives as well as to protect and enhance long-term shareholders' values. It sets the overall strategy for the Group and review management performance. To fulfill this role, the Board is responsible for the overall corporate governance of the Group including establishing a framework of prudent and effective controls, setting its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Formal Board Committees established by the Board include the Audit Committee, Nominating Committee, Remuneration Committee and Investment Committee and they are to assist the Board in the discharge of its duties. The effectiveness of each Committee is also constantly monitored.

The Board meets on a regular basis. Where necessary, additional Board meetings are held to deliberate on urgent and substantive matters. During the financial year ended 31 December 2009, four Board Meetings were held. The attendance records of the directors, together with their attendance at Board Committee meetings are set out below:

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee		Investment Committee	
	No. of Meetings Held	No. of Meetings attended	No. of Meetings Held	No. of Meetings attended	No. of Meetings Held	No. of Meetings attended	No. of Meetings Held	No. of Meetings attended	No. of Meetings Held	No. of Meetings attended
Shi Jian	4	4	–	–	–	–	–	–	–	–
Li Yao Min	4	3	–	–	–	–	–	–	–	–
Yue Wai Leung, Stan	4	4	–	–	–	–	–	–	–	–
Cheng Wai Ho[1]	4	4	–	–	–	–	–	–	–	–
Gu Bi Ya[2]	2	2	–	–	–	–	–	–	–	–
Mao Yi Ping	4	4	–	–	–	–	–	–	–	–
Yang Yong Gang[3]	2	2	–	–	–	–	–	–	–	–
Shi Janson Bing	4	3	–	–	–	–	–	–	–	–
Lam Bing Lun, Philip	4	4	6	5	2	2	4	4	2	2
Kong Siu Chee	4	4	–	–	2	2	4	4	2	2
Henry Tan Song Kok[4]	4	4	6	6	–	–	2	2	2	2
Loh Weng Whye	4	4	6	6	2	2	4	4	2	2

1 Mr Cheng Wai Ho resigned from the Board with effect from 2 February 2010.
2 On 1 June 2009, Ms Gu Bi Ya resigned from the Board due to surgical operation. Ms Gu Bi Ya has been subsequently fully recovered and was re-appointed as an Executive Director and the Chief Operating Officer with effect from 7 January 2010.
3 Mr Yang Yong Gang was appointed as an Executive Director on 3 June 2009.
4 Mr Henry Tan Song Kok was appointed as a member of Remuneration Committee on 23 June 2009.

Corporate Governance

The Articles of Association of the Company provides for the convening of Board or Board Committee meetings by way of telephonic or similar communications.

Mr Henry Tan Song Kok and Mr Loh Weng Whye are currently directors of other public listed companies in Singapore and are familiar with the roles and responsibilities of a director of a public listed company in Singapore.

Upon appointment, each director is and be briefed and provided with relevant information on the Company's policies and procedures relating to corporate conduct and governance including disclosure of interests in securities and restriction on disclosure of price sensitive information.

Matters Requiring Board's Approval

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends.

All other matters are delegated to Committees whose actions are reported to and monitored by the Board.

Training of Directors

Directors receive appropriate induction training and coaching to develop individual skills as required. The directors are also provided with updates on the relevant new laws, regulations and changing commercial risks in the Group's operating environment through regular presentations and meetings; and they also have the opportunity to visit the Group's operational facilities and meet with management to gain a better understanding of business operations and governance practices.

Board Composition and Balance

The Board comprises eleven members: six (6) executive directors, one (1) non-independent non-executive director and four (4) independent non-executive directors. The Board is able to exercise independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues. Furthermore, the Board is also able to interact and work with the management team through a robust exchange of ideas and views to help shape the Company's strategic direction.

The criterion of independence is based on the definition given in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related companies or its officers who could interfere, or be reasonably perceived to interfere, with the exercise of independent judgment of the conduct of the Group's affairs by director.

Corporate Governance

The composition of the Board is determined in accordance with the following principles:

- the Board should comprise a sufficient number of directors to fulfill its responsibilities and who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge (This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified.); and

- the Board should have enough directors to serve on various committees of the Board without over-burdening the directors or making it difficult for them to fully discharge their responsibilities.

The independent and non-executive members of the Board exercise no management functions in the Company or any of its subsidiaries. Although all the directors have equal responsibility for the performance of the Group, the role of the independent and non-executive directors is particularly important in reviewing and monitoring the performance of executive management in meeting the Group's agreed goals and objectives and ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined taking into account the long-term interests, not only of the shareholders but also of employees, customers, suppliers and many communities in which the Group conducts businesses. The Board considers its independent and non-executive directors to be of sufficient caliber and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The independent and non-executive directors have no financial or contractual interests in the Group other than by way of their fees and shareholdings as set out in the Report of the Directors.

The Board is of the view that its current composition of eleven directors is appropriate taking into account the scope and nature of the operations of the Company and of the Group.

Profiles of the directors and other relevant information are set out on pages 26 to 30 of this Annual Report.

Executive Chairman and Co-Vice Chairman and Chief Executive Officer

Mr Shi Jian is the Executive Chairman responsible for formulating, developing and reassessing the Group's strategies and policies while Mr Li Yao Min is the Co-Vice Chairman as well as Chief Executive Officer ("CEO") responsible for the execution of the Group's business strategies and plans. All major decisions made by the Chairman and the CEO are reviewed by the Board. Mr Yue Wai Leung, Stan is the Co-Vice Chairman and Non-Independent Non-Executive Director responsible for providing professional consultative advices to the Group.

As both the Executive Chairman and the CEO are part of the executive management team, Mr Henry Tan Song Kok is appointed as Lead Independent Non-Executive Director who will be available to shareholders when they have concerns and when contact through the normal channels has failed to resolve or for which such contact is inappropriate.

Corporate Governance

(B) BOARD MEMBERSHIP AND NOMINATING COMMITTEE

The Nominating Committee ("NC") comprises three members, all of whom including the Chairman are independent non-executive directors. The members of the NC are as follows:

Mr Loh Weng Whye – Chairman
Mr Lam Bing Lun, Philip – Member
Mr Kong Siu Chee – Member

The principle functions of the NC are to:

1. identify and make recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations on the composition of the Board and Board Committees;

2. evaluate/monitor the effectiveness of the Board as a whole and the contributions of each director to the effectiveness of the Board;

3. recommend directors who are retiring by rotation to be put forth for re-election; and

4. review the independence of each director.

The NC has reviewed the independence of each director and confirmed the independence of all four independent directors based on the definition provided by the Code regarding what constitutes an independent director.

Recommendations for appointments and re-appointments of directors and appointments of the members of the various Board Committees are made by the NC and considered by the Board as a whole. The Articles of Association of the Company provides that at each Annual General Meeting ("AGM") of the Company, one-third of the directors for the time being (or, if the number is not a multiple of three, the number nearest to but not less than one-third), being those who have been longest in office since their last re-election or appointment, are required to retire from office by rotation. A retiring director is eligible for re-election by the shareholders of the Company at the AGM. In addition, any director appointed by the shareholders of the Company or the Board, as the case may be, either to fill a vacancy or as an additional director, shall retire at the next AGM of the Company and shall then be eligible for re-election at that meeting.

Mr. Mao Yi Ping, Mr Shi Jian and Mr Li Yao Min will be retiring as directors by rotation pursuant to Article 86(1) of the Articles of Association of the Company and Mr Yang Yong Gang and Ms Gu Bi Ya will be retiring as directors pursuant to Article 85(7) of the Articles of Association of the Company. The retiring directors are eligible for re-election at the forthcoming AGM. The NC recommends their re-election after assessing their contribution and performance.

Corporate Governance

Board Performance

The Company believes that the Board's performance is ultimately reflected in the performance of the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care in the best interests of the Company and its shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities: setting strategic directions and ensuring that the Company is ably led. The measure of a board's performance is also tested through its ability to lend support to management especially in times of crisis and to steer the Company in the right direction.

The NC has established a process for assessing the effectiveness of the Board as a whole.

The Company is of the opinion that the financial indicators set out in the Code as guides for the evaluation of directors are more of a measure of management's performance and hence are less direct to directors. In any case, such financial indicators provide a snapshot of a Company's performance, and do not fully measure the sustainable long term performance and value creation of the Company.

The Board through the delegation of its authority to the NC, has used its best efforts to ensure that directors appointed to the Board possess the integrity, background, experience, knowledge and skills critical to the Company's business and that each director with his special contribution brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Access to Information

Prior to each Board meeting, the Board is supplied with relevant information by the management pertaining to matters to be brought before the Board for decisions as well as ongoing reports relating to operational and financial performance of the Group.

All directors have unrestricted access to the Company's records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

All directors have separate and independent access to the company secretary. The company secretary administers, attends and prepares minutes of Board and Board Committee meetings. The company secretary also assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Articles of Association and relevant rules and regulations, including requirements of the Singapore Exchange Securities Trading Limited, are complied with.

Should directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

Corporate Governance

(C) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") comprises four members, all of whom including the Chairman are independent non-executive directors. The members of the RC are as follows:

Mr Kong Siu Chee – Chairman
Mr Loh Weng Whye – Member
Mr Lam Bing Lun, Philip – Member
Mr Henry Tan Song Kok – Member

The principle functions of the RC are to:

1. implement and administer the Management Grant, Share Option Scheme, Performance Share Plan and any share schemes;

2. review and recommend to the Board a framework of remuneration for the directors and key executives, covering all aspects of remuneration such as fees, salaries, allowances, bonuses, options and benefits-in-kind; and

3. review and determine the specific remuneration packages for each executive director and senior management.

The members of the RC do not participate in any decision concerning their own remuneration.

Level and Mix of Remuneration

In setting remuneration packages, the RC takes into account the performance of the Group as well as the executive directors and executive management as well as the pay and employment conditions within the same industry and in comparable companies, while aligning the executive directors' interests with those of shareholders and linking rewards to corporate and individual performance.

The independent directors and non-executive directors receive directors' fees, in accordance with their contributions, taking into account factors such as efforts, time spent and responsibilities of the directors. Directors' fees will be subject to approval at the Company's AGM.

The remuneration of the executive directors and the key senior executives comprise a basic salary component and a variable component. The variable component comprises a variable bonus that is linked to the Company and individual performance, and other variable components including the grant of share options under the CNTD Management Grant, the CNTD Share Option Scheme and the CNTD Performance Share Plan. As set out in the Company's prospectus dated 5 November 2007, the service contracts entered into with the executive directors and senior management are effective for an initial period of five years from 1 April 2007 and shall be automatically renewed annually thereafter.

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The Company entered into employment agreements with Mr Yang Yong Gang on 3 June 2009 and Ms Gu Bi Ya on 7 January 2010 in connection with their appointment as Executive Directors. Either party may terminate the service agreement by giving the other party not less than six months' notice in writing of such termination or either party making certain payments to the other party in lieu of notice.

The annual reviews of the remuneration packages of directors are carried out by the RC to ensure that the remuneration of the executive directors and senior management commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group.

Disclosure on Remuneration

Details of the directors' and top 5 key executives' remuneration paid or payable for the financial year ended 31 December 2009 are set out below:

Directors	Fixed salary	Bonus	Directors' fees	Total[1]
Shi Jian	100%	–	–	Band A
Li Yao Min[2]	100%	–	–	Band B
Cheng Wai Ho[2]	100%	–	–	Band B
Gu Bi Ya[2]	100%	–	–	Band A
Mao Yi Ping[2]	100%	–	–	Band B
Yang Yong Gong[2]	100%	–	–	Band A
Shi Janson Bing	100%	–	–	Band A
Yue Wai Leung, Stan[2]	87%	–	13%	Band A
Henry Tan Song Kok	–	–	100%	Band A
Loh Weng Whye	–	–	100%	Band A
Lam Bing Lun, Philip	–	–	100%	Band A
Kong Siu Chee	–	–	100%	Band A

Based on the exchange rate of SGD:HKD5.53 as at 31 December 2009

Top 5 Key Executives	Fixed salary	Bonus	Directors' fees	Total[1]
Tai Kuo Lin *(Vice President)*[2]	100%	–	–	Band A
Liu Su Yin *(General Manager)*	100%	–	–	Band A
Gao Yi Zhen *(General Manager)*	100%	–	–	Band A
Fang Pei Ji *(General Manager)*	100%	–	–	Band A
Wu Luo Min *(Deputy General Manager)*	100%	–	–	Band A

Based on the exchange rate of SGD:RMB4.87 as at 31 December 2009

Notes:

1. Remuneration band
   Band A: Below S$250,000
   Band B: S$250,000 to below S$500,000

2. Details of the share options granted pursuant to the CNTD Management Grant are set out in the Report of the Directors on pages 48 to 49 of this Annual Report.

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Other than the father and son relationship between Mr Shi Jian, the Executive Chairman, and Mr Shi Janson Bing, the Executive Director, there are no employees of the Group who are immediate family members of the directors or the CEO and whose remuneration exceeded S$150,000 during the financial year ended 31 December 2009.

(D) ACCOUNTABILITY AND AUDIT

Accountability

The Board aims to ensure that the quarterly and annual financial statements and results announcements are presented in a manner which provides a balanced and understandable assessment of the Group's performance, position and prospect.

The financial statements have been prepared in accordance with the International Financial Reporting Standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year.

Audit Committee

The Audit Committee ("AC") comprises three members, all of whom including the Chairman are independent non-executive directors. The members of the AC are as follows:

Mr Henry Tan Song Kok – Chairman
Mr Lam Bing Lun, Philip – Member
Mr Loh Weng Whye – Member

Mr Henry Tan Song Kok and Mr Lam Bing Lun, Philip possess accounting and related financial management expertise and experience. The Board considers Mr Loh Weng Whye as having sufficient financial knowledge and experience to discharge his responsibilities as a member of the AC.

The AC performs the following main functions:

(a) review the financial reporting process, management of financial risks and the audit process;

(b) review the audit plans and results of the external auditor's examination and evaluation of the group's systems of internal accounting controls and any matters which the external auditors wish to discuss (in the absence of management where necessary);

(c) review the scope and results of the internal audit procedures;

(d) review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and the external auditors' report on those financial statements;

(e) review the quarterly and annual announcements on the results and financial position of the Group and of the Company;

(f) review the co-operation and assistance given by the management to the Group's external auditors;

(g) evaluate the cost effectiveness, independence and objectivity of the external auditors and the nature and extent of the non-audit services provided by them;

(h) make recommendation to the Board on the appointment, re-appointment and remuneration of the external auditors of the Company;

(i) evaluate the adequacy and adherence of the internal control systems including administrative, operating and internal accounting controls of the Group; and

(j) review interested person transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders.

The AC is authorised to investigate any matter within its terms of reference, and has full access to the management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any director or executive management to attend its meetings.

During the financial year, the external auditors did not render any non-audit services to the Group.

The Company through the AC, has an appropriate and transparent relationship with the external auditors. In the course of audit of the Group's financial statements, the external auditors have highlighted to the AC matters that require the AC's attention. The external auditors are invited to attend meetings of the AC for purposes of presenting their audit plan and report and for presenting their comments on the audited financial statements.

The management has in consultation with the AC, established a whistle blowing policies with the objective of providing a channel for staffs to report serious concerns relating to financial reporting and unethical or illegal conduct.

The AC recommends to the Board the nomination of Ernst & Young as external auditors at the forthcoming AGM of the Company.

Internal Controls

The Board acknowledges its responsibility for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and such system provides only reasonable but not absolute assurance against material misstatement or loss.

Corporate Governance

Risk management is essential to the Company's business. Risk assessment and evaluation takes place as an integral part of the annual strategic planning cycle. Having identified the risks to the achievement of their strategic objectives, each business is required to document the management and mitigating actions in place and proposed in respect of each significant risk.

The Group transacts mainly in Chinese Renminbi, with some transactions in Singapore, Hong Kong and United States Dollars. Any significant adverse movement in exchange rates may have an impact on the Group's performance. The Group seeks to minimise this risk by taking advantage of natural hedging opportunities. The Group also reviews significant control policies and procedures and highlights significant matters to the Board when necessary.

The Company's external auditors, Ernst & Young, have also, in the course of their audit, carried out a review on the Company's system of internal control to the extent of their planned reliance as laid out in their audit plan. Any material non-compliance and internal control weaknesses noted during their audit and their recommendations to address such non-compliance and weaknesses are reported to the AC. The management follows up on Ernst & Young's recommendations as part of its role in the review of the Group's internal control systems. The AC also meets with the external auditors without the presence of management at least once a year to discuss internal control and various accounting issues. In addition, the AC reviews the effectiveness of actions taken by management on the recommendations on internal control by internal and external auditors. During the year, the AC also reviewed the effectiveness of the Company's internal control and was satisfied that the internal control is adequate to meet the needs of the Company in its current business environment.

Internal Audit

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets, the Group's internal audit function is administered and monitered by the individual auditors from its parent company. The internal auditors report to the Chairman of the AC on any material weakness and risks identified in the course of the audit, which are also communicated to the management. The management will accordingly update the AC the status of the remedial action plans.

The AC has reviewed the internal audit program, its scope and the results of the internal audit. The AC is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Group.

(E) INVESTMENT MATTERS

The Investment Committee ("IC") comprises four members, all of whom including the Chairman are independent non-executive directors. The members of the IC are as follows:

Mr Lam Bing Lun, Philip – Chairman
Mr Kong Siu Chee – Member
Mr Henry Tan Song Kok – Member
Mr Loh Weng Whye – Member

Corporate Governance

The IC performs the following main functions:

1. review the management's recommended investment opportunities, objectives, strategies, policies and guidelines that direct the investment of the portfolio;

2. review the management's recommended portfolio financial goals and requirements, including asset allocation, risk tolerance, investment time horizon and capital adequacy; and

3. review and evaluate the performance of the investment portfolio regularly to assure adherence to policy guidelines and monitor progress toward achieving investment objectives.

(F) COMMUNICATION WITH SHAREHOLDERS

The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable.

The Company's AGM remains the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed and the operations of the Group.

The Company's Articles of Association allows a member entitled to attend and vote to appoint not more than two proxies to attend and vote on behalf of the member and also provides that a proxy need not be a member of the Company. Voting in absentia by facsimile or email is not currently permitted to ensure proper authentication of the identity of shareholders and their voting intentions.

The Chairmen of the AC, RC, NC and IC are normally available at the meeting to answer those questions relating to the work of these Committees.

The Company's external auditors are invited to attend the Company's AGM and will assist the directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

The Group maintains a corporate website at www.china-newtown.com which contains the Company's publicly disclosed financial information, annual reports, news releases, announcements and corporate developments.

The Group also participates in investor forums held in Singapore and abroad and also organises briefings and meetings with analysts and fund managers to give them a better understanding of the businesses of the Group. The Company has also employed an external professional investor relation consultant, Financial PR Pte Ltd, to help and ensure the Company doing a good job in communication with shareholders and investors relationship.

Corporate Governance

(G) SECURITIES TRADING

The Group has adopted an internal code with respect to dealings in securities by directors and officers. The Company's directors and officers are prohibited from dealing in the Company's shares on short-term considerations and while they are in possession of unpublished price-sensitive information on the Group. It also disallows the Company's directors and officers from dealing in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and one month before the announcement of the Company's full year financial statements.

(H) MATERIAL CONTRACTS

Save for the service agreements between the executive directors and the Company, there were no material contracts of the Company or its subsidiaries involving the interests of the CEO, any director or controlling shareholder subsisting at the end of the financial year ended 31 December 2009.

(I) INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The aggregate value of interested person transactions ("IPT") entered into by the Group during the financial year under review is as follows:

	Year ended 31 December 2009	
Name of interested person	**Aggregate value of all IPT during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RMB'000)**	**Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (RMB'000)**
Sinopower Investment Limited	47,000	520,246

(J) RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the management regularly reviews the Company's businesses and operational activities to identify areas of significant operational and enterprise risks and takes appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and draw all significant matters to the attention of directors and the AC.

Corporate Governance

(K) USE OF PLACEMENT PROCEEDS

As at 31 December 2009, the Company has fully utilized the net proceeds of RMB403.6 million from the Company's placement proceeds as follows:

(i) RMB340.3 milliion for repurchase of Senior Notes;

(ii) Approximately RMB60.4 million for repayment of interest accrued under the Senior notes.

(L) CONCLUSION

The Company recognizes the importance of good corporate governance practices for maintaining and promoting investors' confidence. The Company will continue to review and improve its corporate governance practices on an ongoing basis.

Report of the Directors

The directors present their report together with the audited financial statements of the Company and the audited consolidated financial statements of the Group for the financial year ended 31 December 2009.

1. DIRECTORS

The directors of the Company in office at the date of this report are:

Shi Jian	
Li Yao Min	
Yue Wai Leung, Stan	
Gu Bi Ya **	(Appointed on 7 January 2010)
Mao Yi Ping	
Yang Yong Gang	(Appointed on 3 June 2009)
Shi Janson Bing	
Henry Tan Song Kok	
Loh Weng Whye	
Lam Bing Lun, Philip	
Kong Siu Chee	

** Ms Gu Bi Ya was previously appointed as an executive director on 30 November 2006 and resigned on 1 June 2009. She was subsequently re-appointed as an executive director on 7 January 2010.

At the forthcoming Annual General Meeting ("AGM"), Mr Mao Yi Ping, Mr Shi Jian and Mr Li Yao Min will be retiring by rotation pursuant to Article 86(1) of the Company's Articles of Association and Mr Yang Yong Gang and Ms Gu Bi Ya will be retiring in accordance with Article 85(7) of the Company's Articles of Association. All of them, being eligible for re-election, have offered themselves for re-election.

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described in paragraph 5(i) below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Report of the Directors

3. DIRECTORS' INTERESTS IN SHARES

The following directors, who held office at the end of the financial year, had, according to the Register of Directors' Shareholdings kept by the Company, an interest in shares of the Company as stated below:

	Direct Interest		Deemed Interest	
Name of director	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
Shi Jian[1]	–	–	642,401,000	1,544,696,064
Li Yao Min[2]	–	592,500	5,925,000	5,332,500
Yue Wai Leung, Stan[2]	–	–	5,925,000	5,332,500
Yang Yong Gang[2]	–	510,000	5,100,000	4,590,000
Mao Yi Ping[2]	–	247,500	2,475,000	2,227,500
Henry Tan Song Kok	100,000	100,000	–	–
Loh Weng Whye	400,000	700,000	–	–
Cheng Wai Ho[2], [3]	–	300,000	3,000,000	2,700,000

(1) Mr Shi Jian is deemed interested in Sinopower Investment Limited's ("Sinopower") entire shareholding in the Company by virtue of the fact that he is a controlling shareholder of SRE Group Limited ("SRE Group") through SRE Investment Holding Limited ("SRE Investment"). Mr Shi Jian's spouse also has a negligible direct shareholding in SRE Group.

(2) Deemed interested in the Company through the shares to be allotted and issued pursuant to the Management Grant of the Company.

Except for Mr Cheng Wai Ho who sold 300,000 shares between the end of the financial year and 21 January 2010, the directors' interest in shares, share options, warrants or debentures of the Company, as at 21 January 2010 were the same as those as at 31 December 2009.

4. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the financial statements and except that Mr Shi Jian, Mr Li Yao Min, Mr Cheng Wai Ho, Mr Yang Yong Gang, Mr Mao Yi Ping and Mr Shi Janson Bing have an employment relationship with the Company, and have received remuneration in that capacity.

Report of the Directors

5. RIGHTS TO SUBSCRIBE FOR SHARES

(i) The Management Grant

On 5 July 2007, the Board of Directors approved the award of a total of 28,500,000 ordinary shares of no par value ("Shares") (following adjustments made pursuant to the sub-division of one Share into 75,000 Shares (the "Share Split") to certain of our Company's directors and employees as stated below (collectively, referred to as the "Entitled Persons"), as an incentive for their continued service to the Company (the "Management Grant"). The Management Grant was implemented on 5 July 2007.

On 9 July 2007, options on 28,500,000 unissued Shares with an exercise price of RMB8 per Share (before adjusting for the Share Split) were granted to the Entitled Persons.

In accordance with the terms of the Management Grant, the Shares which are to be allotted will vest as follows:

(a) 10% at the end of the 12th month after the date of listing of the Company on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST");

(b) 15% at the end of the 24th month after the date of listing of the Company on the Main Board of the SGX-ST;

(c) 20% at the end of the 36th month after the date of listing of the Company on the Main Board of the SGX-ST;

(d) 25% at the end of the 48th month after the date of listing of the Company on the Main Board of the SGX-ST; and

(e) the remaining 30% at the end of the 60th month after the date of listing of the Company on the Main Board of the SGX-ST,

provided that the relevant Entitled Persons remain in service within the Group on the vesting day and he/she has not submitted a notice of resignation. The exercise price is RMB8 per Share (before adjusting for the Share Split).

On 4 June 2009, 2,752,500 shares were issued by virtue of the exercise of the option at the exercise price of RMB8 per share (before adjusting for the Share Split) to the Entitled Persons. No new options were granted to directors and employees of the Company and its subsidiaries in year 2009.

Report of the Directors

Other information required by the Listing Manual of the SGX-ST

In addition to the information disclosed elsewhere in the report, the directors report that during the financial year:

(a) The Committee comprises Mr. Kong Siu Chee, Mr Loh Weng Whye, Mr Lam Bing Lun, Philip and Mr Henry Tan Song Kok administer the Management Grant, CNTD Share Option Scheme and CNTD Performance Share Plan.

(b) No awards were granted to the controlling shareholders of the Company or their associates.

(c) No employees of the Company or its related corporations have received 5% or more of the total Shares available under the Awards except as disclosed below.

(d) Details of Awards granted to participants who are directors of the Company and participants who received 5% or more of the total numbers of Shares available under the Awards are as follows:

	Number of unissued Shared under the Awards			
Name of participants	**Granted during the financial year ended 31.12.2009**	**Granted since commencement of the Management Grant to 31.12.2009**	**Shares allotted and issued pursuant to the release of the Awards since commencement of the Management Grant to 31.12.2009**	**Aggregate unreleased as at 31.12.2009**
Directors of the Company				
Li Yao Min	–	5,925,000	592,500	5,332,500
Yue Wai Leung, Stan	–	5,925,000	592,500	5,332,500
Gu Bi Ya	–	3,000,000	300,000	2,700,000
Mao Yi Ping	–	2,475,000	247,500	2,227,500
Yang Yong Gang	–	5,100,000	510,000	4,590,000
Employees				
Cheng Wai Ho(1)	–	3,000,000	300,000	2,700,000
Tai Kuo Lin	–	1,875,000	187,500	1,687,500
Sun Xiao Meng	–	225,000	22,500	202,500

(1) Cheng Wai Ho resigned from the Board with effect from 2 February 2010.

Report of the Directors

(ii) Convertible Bonds

On 9 September 2009, the Company issued RMB275,994,230 aggregate principal amount 2% Chinese Yuan settled convertible bonds due on 9 September 2016 ("Convertible Bonds") to the controlling shareholder, Sinopower Investment Limited. Pursuant to the terms and conditions of the Convertible Bonds ("Terms & Conditions of the Convertible Bonds"), the Convertible Bond holder have the right to convert any number of the Convertible Bonds into Shares at S$0.07872 each at any time till the maturity date of the Convertible Bonds.

The details of the Terms and Conditions of the Convertible Bonds were set out in the Company's circular dated 13 August 2009.

(iii) Options to Take Up Unissued Shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted, except the Management Grant.

(iv) Options Exercised

During the financial year, there were 2,752,500 shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(v) Unissued Shares

At the end of the financial year, the unissued shares were as follows:

- 24,772,500 shares of the Company relating to the Management Grant, and
- 754,145,894,shares of the Company relating to the Convertible Bonds

6. AUDIT COMMITTEE

The Audit Committee comprises the following members:

Henry Tan Song Kok	(Lead Independent Non-Executive Director)
Lam Bing Lun, Philip	(Independent Non-Executive Director)
Loh Weng Whye	(Independent Non-Executive Director)

During the financial year, the external auditors did not render any non-audit services to the group.

The Audit Committee has recommended to the Board of Directors the nomination of Ernst & Young for re-appointment as external auditors at the forthcoming AGM of the Company.

The functions performed by the Audit Committee are detailed in the Report on Corporate Governance.

Report of the Directors

7. AUDITORS

Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors

Mr. Shi Jian
Executive Chairman

Mr. Li Yao Min
Chief Executive Officer

7 April 2010

Statement By Directors

We, Shi Jian and Li Yao Min, being two of the Directors of China New Town Development Company Limited, do hereby state that, in the opinion of the Directors:

a. The consolidated financial statements of the Group and the financial statements of the Company together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and of the results and changes in equity and cash flows of the Group and the changes in the equity of the Company for the financial year ended on that date; and

b. At the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Mr Shi Jian
Director

Mr Li Yao Min
Director

7 April 2010

Independent Auditors' Report

To the shareholders of China New Town Development Company Limited
(Incorporated in the British Virgin Islands with limited liability)

We have audited the accompanying financial statements of China New Town Development Company Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2009, the statements of changes in equity of the Group and the Company, the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Opinion

In our opinion, the consolidated financial statements of the Group, and the statement of financial position and statement of changes in equity of the Company, give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young
Certified Public Accountants
Hong Kong
7 April 2010

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2009

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	Year ended 31 December 2009	Year ended 31 December 2008
Revenue	6	1,087,355	564,096
Cost of sales	7	(435,048)	(369,101)
Gross profit		652,307	194,995
Other income	6	8,419	16,159
Selling and distribution costs	7	(119,669)	(35,891)
Administrative expenses	7	(133,523)	(165,911)
Other expenses	6	(1,720)	(36,162)
Gain on the repurchase of Senior Notes	22	24,744	–
Loss on convertible bonds other than interest cost, net	23	–	(287,826)
Impairment loss of property, plant and equipment	12	(8,810)	(136,773)
Fair value loss on completed investment properties	13	(14,163)	(488,160)
Fair value gain on investment properties under construction	13	39,036	–
Operating profit/(loss)		446,621	(939,569)
Finance costs	8	(104,352)	(193,696)
Profit/(loss) before tax		342,269	(1,133,265)
Income tax	9	(98,809)	145,915
Profit/(loss) for the year		243,460	(987,350)
Other comprehensive income		–	–
Total comprehensive income		243,460	(987,350)
Profit/(loss) attributable to:			
Equity holders of the parent		166,630	(845,543)
Non-controlling interests		76,830	(141,807)
		243,460	(987,350)
Total comprehensive income attributable to:			
Equity holders of the parent		166,630	(845,543)
Non-controlling interests		76,830	(141,807)
		243,460	(987,350)
Earnings/(loss) per share attributable to equity holders of the parent (RMB per share):	11		
Basic earnings/(loss) per share		0.0640	(0.5335)
Diluted earnings/(loss) per share		0.0597	(0.5335)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2009

(All amounts expressed in RMB'000 unless otherwise specified)

		Group		Company	
	Notes	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Assets					
Non-current assets					
Investments in subsidiaries	3	–	–	2,968,699	2,968,699
Investments in associated companies	4	200	200	–	–
Property, plant and equipment	12	1,235,292	1,255,185	256	323
Completed investment properties	13	489,000	497,010	–	–
Investment properties under construction	13	170,710	39,740	–	–
Prepaid land lease payments	14	390,823	320,273	–	–
Non-current trade receivables	17	93,655	124,841	–	–
Deferred tax assets	9	128,607	129,816	–	–
Other assets		50,652	50,749	–	–
Total non-current assets		2,558,939	2,417,814	2,968,955	2,969,022
Current assets					
Land infrastructure under development for sale	15	3,640,398	3,470,967	–	–
Prepaid land lease payments	14	162,588	–	–	–
Inventories		3,820	3,459	–	–
Amounts due from subsidiaries		–	–	252,906	74,265
Amounts due from related parties	26	47,003	1,757	–	–
Prepayments	16	6,155	9,442	–	–
Other receivables	16	354,983	22,418	2	269
Trade receivables	17	337,168	290,012	–	–
Cash and bank balances	18	1,509,371	184,253	14,521	47,411
Total current assets		6,061,486	3,982,308	267,429	121,945
Total assets		8,620,425	6,400,122	3,236,384	3,090,967
Equity and liabilities					
Equity					
Equity attributable to equity holders of the parent:					
Share capital	19	2,497,385	2,115,240	2,497,385	2,115,240
Treasury shares	19	(37,294)	(180)	(37,294)	(180)
Other reserves	20	749,001	604,670	2,082,414	1,938,083
Accumulated losses		(836,166)	(1,002,796)	(1,580,229)	(1,549,915)
		2,372,926	1,716,934	2,962,276	2,503,228
Non-controlling interests		436,231	359,101	–	–
Total equity		2,809,157	2,076,035	2,962,276	2,503,228

Statements of Financial Position

As at 31 December 2009

(All amounts expressed in RMB'000 unless otherwise specified)

		Group		Company	
	Notes	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Non-current liabilities					
Senior Notes	22	–	518,809	–	518,809
Convertible bonds – host debts	23	142,406	–	142,406	–
Interest-bearing bank borrowings	21	1,847,000	–	–	–
Deferred income from sale of golf club membership	24	562,675	591,165	–	–
Total non-current liabilities		2,552,081	1,109,974	142,406	518,809
Current liabilities					
Senior Notes	22	84,363	–	84,363	–
Interest-bearing bank borrowings	21	310,000	1,137,000	–	–
Trade payables	25	1,265,252	1,036,291	–	–
Other payables and accruals	25	596,434	301,616	47,339	61,339
Amounts due to related parties	26	12	117,437	–	7,591
Advances from customers	27	4,568	89,161	–	–
Deferred income arising from construction of ancillary public facilities	24	639,940	271,443	–	–
Current income tax liabilities		358,618	261,165	–	–
Total current liabilities		3,259,187	3,214,113	131,702	68,930
Total liabilities		5,811,268	4,324,087	274,108	587,739
Total equity and liabilities		8,620,425	6,400,122	3,236,384	3,090,967
Net current assets		2,802,299	768,195	135,727	53,015
Total assets less current liabilities		5,361,238	3,186,009	3,104,682	3,022,037

Director *Director*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2009

(All amounts expressed in RMB'000 unless otherwise specified)

Group

	Notes	Equity attributable to equity holders of the parent						
		Share capital	Treasury shares	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
As at 31 December 2007	19/20	1,891,080	–	435,976	(157,253)	2,169,803	500,908	2,670,711
Total comprehensive income		–	–	–	(845,543)	(845,543)	(141,807)	(987,350)
Equity-settled share options to management	20/28	–	–	16,884	–	16,884	–	16,884
Refund of transaction costs for new shares issued upon IPO	19	22,349	–	–	–	22,349	–	22,349
Considerations for the repurchase of CB2's equity component	20/23	–	–	(11,623)	–	(11,623)	–	(11,623)
Subscription Shares issued upon the repurchase of CB2	19/23	175,125	–	–	–	175,125	–	175,125
Grant Shares issued with issuance of Senior Notes upon the repurchase of CB2	19/23	26,686	–	–	–	26,686	–	26,686
Capital contribution from an indirect shareholder received upon the Repurchase of CB2	20/23	–	–	163,433	–	163,433	–	163,433
Treasury shares	19	–	(180)	–	–	(180)	–	(180)
As at 31 December 2008	19/20	2,115,240	(180)	604,670	(1,002,796)	1,716,934	359,101	2,076,035
Total comprehensive income		–	–	–	166,630	166,630	76,830	243,460
Equity-settled share options to management	20/28	–	–	12,485	–	12,485	–	12,485
Shares issued upon exercise of management share options granted under the MSOP	19/20	5,569	–	(5,569)	–	–	–	–
Capital contribution from Non-controlling interests of subsidiaries		–	–	–	–	–	300	300
Shares issued upon private placement	19/29	244,252	–	–	–	244,252	–	244,252
Shares issued upon the repurchase of Senior Notes	19/22	132,324	–	–	–	132,324	–	132,324
Equity components of CB3	20/23	–	–	137,415	–	137,415	–	137,415
Treasury shares	19	–	(37,114)	–	–	(37,114)	–	(37,114)
As at 31 December 2009	19/20	2,497,385	(37,294)	749,001	(836,166)	2,372,926	436,231	2,809,157

Statements of Changes in Equity

For the financial year ended 31 December 2009

(All amounts expressed in RMB'000 unless otherwise specified)

Company

	Notes	Share capital	Treasury shares	Other reserves	Accumulated losses	Total
As at 31 December 2007	19/20	1,891,080	–	1,769,389	(308,962)	3,351,507
Total comprehensive income		–	–	–	(1,240,953)	(1,240,953)
Equity-settled share options to management	20/28	–	–	16,884	–	16,884
Refund of transaction costs for new shares issued upon IPO	19	22,349	–	–	–	22,349
Considerations for the repurchase of CB2's equity component	20/23	–	–	(11,623)	–	(11,623)
Subscription Shares issued upon the repurchase of CB2	19/23	175,125	–	–	–	175,125
Grant Shares issued with issuance of Senior Notes upon the repurchase of CB2	19/23	26,686	–	–	–	26,686
Capital contribution from an indirect shareholder received upon the repurchase of CB2	20/23	–	–	163,433	–	163,433
Treasury shares	19	–	(180)	–	–	(180)
As at 31 December 2008	19/20	2,115,240	(180)	1,938,083	(1,549,915)	2,503,228
Total comprehensive income		–	–	–	(30,314)	(30,314)
Equity-settled share options to management	20/28	–	–	12,485	–	12,485
Shares issued upon exercise of management share options granted under the MSOP	19/20	5,569	–	(5,569)	–	–
Shares issued upon private placement	19/29	244,252	–	–	–	244,252
Shares issued upon the repurchase of Senior Notes	19/22	132,324	–	–	–	132,324
Equity components of CB3	20/23	–	–	137,415	–	137,415
Treasury shares	19	–	(37,114)	–	–	(37,114)
As at 31 December 2009	19/20	2,497,385	(37,294)	2,082,414	(1,580,229)	2,962,276

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2009

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	Year ended 31 December 2009	Year ended 31 December 2008
Cash flows from operating activities			
Profit/(loss) before tax		342,269	(1,133,265)
Adjustments for:			
Depreciation of property, plant and equipment	12	65,475	65,849
Amortisation of prepaid land lease payments	14	8,550	8,843
Impairment loss of property, plant and equipment	12	8,810	136,773
Fair value loss on completed investment properties	13	14,163	488,160
Fair value gain on investment properties under construction	13	(39,036)	–
Gain on the repurchase of Senior Notes	22	(24,744)	–
Loss on CB2 other than interest cost, net	23	–	287,826
Transaction costs of the repurchase of CB2	7	–	29,739
Foreign exchange (profit)/loss, net	6	–	34,264
Management share option expense	20	12,485	16,884
Interest income	6	(1,237)	(14,601)
Interest expense	8	104,352	193,696
		491,087	114,168
Decrease/(increase) in restricted bank deposits		–	(55)
Increase in land infrastructure under development for sale		(160,033)	(730,734)
(Increase)/decrease in inventories		(361)	322
Increase in amounts due from related parties		(45,246)	(2)
Decrease/(increase) in prepayments		487	(2,606)
Increase in other receivables and assets		(494,479)	(7,268)
Decrease in trade receivables		76,951	217,620
(Decrease)/increase in deferred income from sale of golf club membership		(28,490)	103,941
Increase in deferred income arising from construction of ancillary public facilities		368,497	129,594
(Decrease)/increase in advances from customers		(84,593)	86,589
Increase in trade and other payables		587,678	261,088
Increase in amounts due to related parties		63	116,420
Net cash inflow from operating activities		711,561	289,077
Cash flows from investing activities			
Purchases/constructions of property, plant and equipment		(95,890)	(177,498)
Proceeds from disposal of property, plant and equipment		173	128
(Payments)/Refund of amounts paid for land use rights		(102,869)	10,317
Payments for investment properties		(69,379)	(8,984)
Interest received		1,237	14,601
Net cash outflow from investing activities		(266,728)	(161,436)

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2009

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	Year ended 31 December 2009	Year ended 31 December 2008
Cash flows from financing activities			
Amounts paid for treasury shares	19	(37,114)	(180)
Cash proceeds from issuance of new shares of the Company		127,624	–
Capital contributions from non-controlling shareholders of subsidiaries		300	–
Proceeds from bank borrowings		1,090,000	–
Repayment of bank borrowings		(70,000)	(503,000)
Repayments of borrowings from a related party	29(a)	–	(350,000)
Proceeds from issuance of convertible bonds	23	275,994	–
Cash paid for the repurchase of Senior Notes	22	(340,329)	–
Considerations paid for the repurchase of CB2	23	–	(639,450)
Payments for expenses incurred for the repurchase of CB2		(22,785)	(6,955)
Cash released from deposits restricted in relation to coupon interest payments for Senior Notes/convertible bonds		38,518	(14,461)
Cash placed as restricted deposits in relation to interest payments for bank borrowings		(36,000)	–
Interest paid		(142,545)	(184,839)
(Payment)/refund of transaction costs for new shares		(860)	22,349
Net cash inflow/(outflow) from financing activities		882,803	(1,676,536)
Net increase/(decrease) in cash and cash equivalents		1,327,636	(1,548,895)
Effect of exchange rate changes on cash and cash equivalents		–	(31,624)
Cash and cash equivalents at beginning of year		137,976	1,718,495
Cash and cash equivalents at end of year	18	1,465,612	137,976

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to Financial Statements

For the financial year ended 31 December 2009

1. Corporate information

Corporate information

China New Town Development Company Limited (the "Company") was incorporated on 4 January 2006 in the British Virgin Islands (the "BVI") by one shareholder. After a series of reorganisations, on 14 November 2007, the Company became a listed company on the Singapore Exchange Limited ("the SGX").

The Company with its subsidiaries (the "Group") is a new town developer in the People's Republic of China ("PRC") and is principally engaged in planning and developing large-scale new towns in China's largest cities of which the activities include designing the master plan, relocating and resettling incumbent residents and businesses, clearing and preparing the land and installing infrastructure. Land use rights to the residential parcels in the new towns developed by the Group are then sold by the relevant land authorities to third party property developers, the proceeds of which are apportioned to the Group on specified bases. The Group also develops and manages commercial properties in those new towns.

The Company has become the subsidiary of the SRE Group Limited in September 2009 after a series of share placement and convertible bond issuance (see Notes 23 and 29). The Company was an associate of SRE Group Limited before that.

Subsidiaries

The principal activities of the subsidiaries are disclosed in Note 3 to the financial statements.

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis, except for investment properties and derivative financial instruments that have been measured at fair value, as disclosed in the accounting policies below.

The financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

In preparing the financial statements, the Company have considered the Group's sources of liquidity, its ability to maintain adequate cash inflow from operations and financing to meet its financial obligations as and when they fall due, and believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements. Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.1 Basis of preparation (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2009.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as those of the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances and adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intra-group balances, income and expenses and unrealised gains and losses arising from intra-group transactions, are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries attributable to equity interests that are not held by the Group are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the parent shareholders' equity. Changes in a parent's ownership interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. A gain or loss on disposal to non-controlling interests (without loss of control) is recognised directly in equity.

Operating cycle

The operating cycle of the Group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Due to the nature of the Group's business, the Group's normal operating cycle is longer than twelve months. The Group's current assets include assets (such as land infrastructure under development for sale) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the end of the reporting period.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.2 Impact of new and revised IFRSs

The accounting policies adopted are consistently with those of the previous financial year except that the Group has adopted the following new and amended IFRSs and IFRIC interpretations for the year ended 31 December 2009.

		Effective dates
IFRS 2	Share-based Payment: Vesting Conditions and Cancellations (Amendments)	1 January 2009
IFRS 7	Financial Instruments: Disclosures (Amendments)	1 January 2009
IFRS 8	Operating Segments	1 January 2009
IAS 1	Presentation of Financial Statements (Revised)	1 January 2009
IAS 23	Borrowing Costs (Revised)	1 January 2009
IFRS 1 and IAS 27	Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)	1 January 2009
IAS 32 and IAS 1	Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)	1 January 2009
IFRIC 9 and IAS 39	Embedded Derivatives (Amendments)	30 June 2009
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 15	Agreement for the Construction of Real Estate	1January 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRIC 18	Transfers of Assets from Customers	1 July 2009
Improvements to IFRSs	(May 2008)	
IFRS 7	Financial Instruments: Disclosures	1 January 2009
IAS 1	Presentation of Financial Statements	1 January 2009
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2009
IAS 10	Events after the Reporting Period	1 January 2009
IAS 16	Property, Plant and Equipment	1 January 2009
IAS 18	Revenue	1 January 2009
IAS 19	Employee Benefits	1 January 2009
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2009
IAS 23	Borrowing Costs	1 January 2009
IAS 27	Consolidated and Separate Financial Statements	1 January 2009
IAS 28	Investments in Associates and IAS 31 Interests in Joint Ventures	1 January 2009
IAS 29	Financial Reporting in Hyperinflationary Economies	1 January 2009
IAS 31	Interests in Joint Ventures	1 January 2009
IAS 32	Financial Instruments: Presentation	1 January 2009
IAS 34	Interim Financial Reporting	1 January 2009
IAS 36	Impairment of Assets	1 January 2009
IAS 38	Intangible Assets	1 January 2009
IAS 39	Financial Instruments: Recognition and Measurement	1 January 2009
IAS 40	Investment Property	1 January 2009
IAS 41	Agriculture	1 January 2009

2.2 Impact of new and revised IFRSs (continued)

The principal effects of these changes are as follows:

IFRS 2 – Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 which clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. The Group adopted this amendment as of 1 January 2009. It did not have an impact on the financial position or performance of the Group.

IFRS 7 – Financial Instruments: Disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. As the Group did not have any financial instruments measured at fair value as of the end of the reporting period. This amendment did not have significant impact on the disclosure about fair value measurement. The liquidity risk disclosures were not significantly impacted by the amendments and are presented in Note 31.

IFRS 8 – Operating Segments

IFRS 8 replaced IAS 14 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. IFRS 8 disclosures are shown in Note 5, including the related revised comparative information.

IAS 1 – Presentation of Financial Statements (Revised)

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one single statement.

IAS 23 – Borrowing Costs (Revised)

The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

The Group's previous policy was to capitalise borrowing costs on qualifying assets. As such the revised standard has no impact on these financial statements.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.2 Impact of new and revised IFRSs (continued)

IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

The amendments allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfil a number of specified features. The amendment has no impact on the Group's financial statements.

IFRIC 9 – Remeasurement of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives (Amendments)

This amendment is effective for annual periods ending on or after 30 June 2009. This interpretation clarify an entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The amendment has no impact on the consolidated financial statements.

IFRIC 13 Customer Loyalty Programmes

IFRIC 13 requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. This interpretation has no impact on the Group's financial statements.

IFRIC 15 – Agreements for the Construction of Real Estate

IFRIC 15 clarifies when revenue and related expenses from a sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. IFRIC 15 determines that contracts which do not classify as contraction contracts in accordance with IAS 11 can only be accounted for under the percentage of completion method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progress. The interpretation has no impact on the Group's financial statements.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 provides guidance on the accounting for a hedge of a net investment. This interpretation has no impact on the Group's financial statements.

IFRIC 18 Transfers of Assets from Customers

IFRIC 18 provides guidance on accounting by recipients that receive from customers items of property, plant and equipment or cash for the acquisition or construction of such items, provided that these assets must then be used to connect customers to networks or to provide ongoing access to a supply of goods or services, or both. The interpretation has no impact on the Group's financial statements.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.2 Impact of new and revised IFRSs (continued)

Improvements to IFRS (May 2008)

In May 2008, the IASB issued its omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The Group adopted all the amendments from 1 January 2009. Details of the key amendments most applicable to the Group are as follows:

IAS 1 – Presentation of Financial Statements (Revised): Assets and liabilities classified as held for trading in accordance with IAS 39 – Financial Instruments: Recognition and Measurement are not automatically classified as current in the statement of financial position. The Group analysed whether the expected period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the statement of financial position.

IAS 16 – Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

The Group has assessed its revenue arrangements against these criteria and concluded that it is acting as principal in all arrangements. The revenue recognition accounting policy has been updated accordingly.

IAS 20 – Accounting for Government Grants and Disclosures of Government Assistance: Loans granted with no or low interest will not be exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below-market interest rates. This amendment did not impact the Group.

IAS 23 – Borrowing Costs (Revised): The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.

IAS 36 – Impairment of Assets: When discounted cash flows are used to estimate 'fair value less cost to sell', additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.

2.2 Impact of new and revised IFRSs (continued)

Improvements to IFRS (May 2008) (continued)

IAS 38 – Intangible Assets: Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. The reference to there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method has been removed. This amendment has no impact on the Group.

IAS 40 – Investment Property (Amended): IAS 40 has been amended to bring within its scope investment property under construction. Consequently such property is measured at fair value when completed investment properties are measured at fair value. The Group has amended its accounting policy accordingly. The policy has been applied prospectively from 1 January 2009. A gain on the valuation of investment property under construction of RMB39 million has been recognized for the year ended 31 December 2009.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Notes to Financial Statements

For the financial year ended 31 December 2009

2.3 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

(i) Estimate of fair value of investment properties

Investment properties were revalued at the end of each reporting period during the years ended 31 December 2009 and 31 December 2008 using the income approach on the basis of capitalisation of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property interest by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

Investment property under construction is also carried at fair value as determined by independent professional qualified valuers, except if such values cannot be reliably determined. In the exceptional cases when a fair value cannot be reliably determined, such properties are recorded at cost. The fair value of investment properties under construction is determined using either the Discounted Cash Flow Method, Residual Method etc.

(ii) Carrying amount of land infrastructure under development

The Group's land infrastructure under development is stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject land infrastructure, the Group makes estimates of cost allocated to each parcel of land and attributable to ancillary public facilities and infrastructure, and its net realisable value, i.e., the revenue to be derived from the sale of land infrastructure by government authorities, less costs to completion and the costs to be incurred in realising the revenue from the sale of land infrastructure under development based on prevailing market conditions.

If the cost is lower than the estimated net realisable value, provision for the excess of net realisable value of land infrastructure under development over its cost should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for land infrastructure in the periods in which such estimate is changed will be adjusted accordingly.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.3 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

(iii) Valuation of host debt component and equity component of the convertible bonds

The fair values, of the convertible bonds (including the values allocated the host debt and equity components) that need to be accounted for at fair value at initial recognition, cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow and option price models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as credit risk, market risk and volatility, etc. Changes in assumptions about these factors could affect the reported carrying values of such financial instruments.

(iv) Deferred tax assets and liabilities

Deferred tax assets are recognised for deductible temporary differences, carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised. Deferred tax liabilities are recognised for taxable temporary differences. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Where the actual or expected tax positions of the relevant companies of the Group in future are different from the original estimates, such differences will impact on the recognition of deferred tax assets and liabilities and income tax charge in the period in which such estimate has been changed.

(v) Impairment of receivables

Impairment of receivables is made based on assessment of the recoverability of receivables. The identification of impairment of receivables requires management's judgements and estimates. Where the actual outcome or expectation in future is different from the original estimation, such difference will have impact on the carrying value of the receivables and impairment of receivables/reversal of impairment in the period in which such estimate has been changed.

(vi) Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. Such estimates could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or management will write off or write down technically obsolete assets that have been abandoned.

2.3 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and the value in use, where the calculations of which involve the use of estimates.

Change in accounting estimates

(i) Revision of unit cost

Pursuant to an agreement reached with local government in July 2009, the Group needed to increase its estimated relocation compensation costs (to incumbent residents) by approximately RMB600 million due to the unanticipated change in the government's policies for the compensation for uncompleted part of the relocation in Luodian New Town.

In addition, Shanghai Municipal Government approved a revised site master plan of Luodian New Town. The revised master plan mainly added few more public facilities, i.e. roads, schools and kindergarten, etc, which need to be built by the Group in the future. Based on the revised master plan, the Group increased the estimated cost of public facilities by approximately RMB284 million.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.3 Significant accounting judgements, estimates and assumptions (continued)

Change in accounting estimates (continued)

(i) Revision of unit cost (continued)

As a result, the unit cost for land development (estimated based on budgeted cost of services over relevant area) was increased from RMB1,192 to RMB2,057 per square metre prospectively in 2009. Also, since more public facilities are to be constructed, portion of revenue from land sold allocated to completed public facilities and related cost of sales are reduced. The changes resulted in the following pre-tax impact on the consolidated financial statements of the Group for the year ended 31 December 2009:

	As of 31 December 2009 and for the year then ended
Decrease in revenue for the year	143,980
Increase in deferred income arising from construction of ancillary public facilities as at 31 December 2009	137,236
Decrease in sales tax for the year	6,744
Decrease in cost of sales for the year	66,705
Increase in the land infrastructure under development for sale as at 31 December 2009	66,705

2.4 Summary of Significant Accounting Policies

Subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership, that is controlled by the Group. The results of subsidiaries are included in the Company's profit or loss to the extent of dividend received and receivables. In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

Investments in associated companies

An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. The Group's investment in its associates is accounted for equity method.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.4 Summary of Significant Accounting Policies (continued)

Investments in associated companies (continued)

Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit or loss of associates is shown on the face of the consolidated statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the investor. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a joint venture in which the Group is a venturer;

(d) the party is a member of the key management personnel of the Group;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.4 Summary of Significant Accounting Policies (continued)

Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

The Group determines the classification of its financial assets upon initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of each reporting period.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The subsequent measurement of financial assets depends on their classification as follows.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts. Gains or losses on investments held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.4 Summary of Significant Accounting Policies (continued)

Financial assets (continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets which carry fixed or determinable payments and fixed maturity dates and which the Group has the positive intention and ability to hold to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. Gains and losses are recognised in the profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(d) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with unrealised gains or losses being recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recorded in available-for-sale reserve is recognised in profit or loss. Interest and dividends earned are reported as interest income and dividend income, respectively. Losses arising from the impairment of such investments are recognised in profit or loss and are transferred from the available-for-sale reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.4 Summary of Significant Accounting Policies (continued)

Fair value of financial instruments

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis or other valuation models.

Impairment of financial assets

The Group assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognised in the profit or loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired receivables are derecognised when they are assessed as uncollectible.

(b) Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of that financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets (continued)

(c) Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit or loss, is transferred from other comprehensive income to the profit or loss. A provision for impairment is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. In addition, the Group evaluates other factors, such as the share price volatility. Impairment losses on equity instruments classified as available for sale are not reversed through the profit or loss. Impairment losses on debt instruments are reversed through the profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a ''pass-through'' arrangement; and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities at amortised cost (including interest-bearing bank borrowings)

Financial liabilities including trade payables, amounts due to related parties, interest-bearing loans and borrowings, etc., are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the profit or loss.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.4 Summary of Significant Accounting Policies (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss. The net fair value gain or loss recognised in the profit or loss does not include any interest charged on these financial liabilities.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Convertible bonds

When the equity conversion options embedded in the convertible bonds issued by the Company are not equity instruments of the Company, the entire convertible bonds are accounted for as a financial liability, i.e., a host debt instrument with embedded derivatives. On initial recognition, the embedded derivatives are separated from the host debt instrument, measured at fair value and presented as part of derivative financial instruments, and are accounted for as a financial liability at fair value through profit or loss and are remeasured in subsequent years. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component (the host debt), the host debt instrument is initially recognised at fair value net of related transaction costs, and is subsequently measured at amortised cost. Transaction costs are apportioned between the host debt and derivative components of the convertible bonds based on the allocation of proceeds to the host debt and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the host debt is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the profit or loss.

2.4 Summary of Significant Accounting Policies (continued)

Convertible bonds (continued)

When the equity conversion options embedded in the convertible bonds are equity instruments of the Company, they are classified as equity and presented separately from the liabilities components (including any derivatives embedded in the convertible bonds other than the equity component) of the convertible bonds. The carrying amount of such convertible bonds is allocated to its equity and liability components. The equity component is assigned the residual amount after deducting from the fair value of the convertible bonds as a whole the amount determined for the liability components, hence, no gain or loss arises from separation of the equity and liability components of the convertible bonds. After separation of equity and liability components, the derivatives, if any, embedded in the liability components of the convertible bonds, are accounted for as a financial liability at fair value through profit or loss. The host debt instrument is initially recognised at fair value net of related transaction costs, and is subsequently measured at amortised cost.

When the Company extinguishes convertible bonds before maturity through an early redemption or repurchase in which the original conversion privileges are unchanged, the Company allocates the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the convertible bonds at the date of the transaction. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with that used in the original allocation to the separate components of the proceeds received by the Company when the convertible bonds were issued. Once the allocation of the consideration is made, the amount of gain or loss relating to the liability component is recognised in the profit or loss and the amount of consideration relating to the equity component is recognised in equity.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the profit or loss.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress ("CIP"), are stated at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value (10% of the cost) over its estimated useful life. The estimated useful lives for this purpose are as follows:

Hotel properties	Building 30 years, equipment 10 years, fixtures and fittings 5 years
Golf operational assets	Golf course between 40 and 50 years, club buildings 30 years, club equipment 10 years, club fixtures and fittings 5 years
Buildings	20 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

When parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted prospectively if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the fair value less cost to sell and the carrying amount of the relevant asset.

CIP represents buildings under construction and is stated at cost less any impairment in value, and is not depreciated. Cost mainly comprises the direct costs during the period of construction and capitalised interest. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.4 Summary of Significant Accounting Policies (continued)

Investment properties

Investment property comprises completed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met and it is accounted for as a finance lease.

In May 2008, the IASB revised the scope of IAS 40 Investment Property such that investment property under development is classified as investment property and is measured at fair value. As set out in note 2.2 the Group prospectively changed its accounting policy such that from 1 January 2009, property constructed or developed for future use as investment property was classified as investment property and any fair value adjustment was recognised in the profit or loss.

In the comparative period to 31 December 2008, investment property under construction was dealt with under IAS 16 and recorded at cost, net of accumulated impairment losses, until development was complete, at which time, the property became investment property. When a property development was completed, it was reclassified as investment property and a fair value adjustment was recognised in the profit or loss.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the profit or loss in the year in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the profit or loss in the year of retirement or disposal.
Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Land infrastructure under development

Development cost of land infrastructure comprises the aggregate cost of development, materials and supplies, capitalised borrowing costs on related borrowing funds during the period of construction and other costs directly attributable to such land infrastructure.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.4 Summary of Significant Accounting Policies (continued)

Land infrastructure under development (continued)

Land infrastructure under development is stated at the lower of cost and net realisable value. Net realisable value takes into account the Group's share of proceeds derived from the sale of land infrastructure by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land infrastructure based on prevailing market conditions.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than land infrastructure under development, inventories, deferred tax assets, financial assets, investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the profit or loss in the period in which it arises.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in assets, and rentals receivable under the operating leases are credited to the profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. The amortisation during the period of construction of the properties is capitalised as the cost of properties under development. The amortisation during the period before the commencement and after the completion of the construction of the properties is expensed in the profit or loss. Prepaid land lease payments included in investment properties are not amortised as investment properties are stated at fair value.

2.4 Summary of Significant Accounting Policies (continued)

Inventories

Inventories, which mainly refer to supplies and low-value consumables used in hotel and golf course operations, are accounted for at cost when purchased. Cost of supplies is determined using the first-in, first-out method. Low-value consumables relating to golf course and hotel operations are expensed in full when issued for use.

Inventories are valued at the lower of cost and net realisable value at the end of the reporting period. Net realisable value is the estimated selling price in the ordinary course of business, less estimated expenses and related taxes necessary to make the sales. The net realisable value is determined based on contract prices or market prices.

Any excess of cost over the net realisable value of individual items of inventories is recognised as an allowance.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit or loss.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

Revenue from the development of land infrastructure

The Group has been given the right to carry out construction and preparation works in respect of the infrastructure of land plots and public facilities within the districts owned by the State. The completed land plots are sold by the governments to land buyers through public auction, tender or listing procedures from time to time, upon which the Group is entitled receive a proportion of revenue proceeds.

The Group provides land buyers with certain construction works, including the infrastructure of land plots and surrounding public facilities. As public facilities are separately identifiable from the infrastructure of land plots, which are normally completed when the plots are sold to land buyers by the government, certain public facilities may not be completed at the time of the sale. Total revenue proceeds are allocated between the completed and the outstanding construction works based on their fair value.

In addition, no revenue from the development of the infrastructure (attributable to the parcels to be sold) would be recognised before the sales by the government of the parcels of land, as the amount of revenue (attributable to the parcels to be sold) cannot be measured reliably before such sales occur.

The revenue attributable to the completed infrastructure is recognised upon the transfer of risks and rewards in connection with land plots, which refers to the time when the land plots are sold to the buyers by the government through public land auction, tender or listing procedures. The deferred revenue of outstanding construction works is recognised when the related construction works are completed.

Hotel operations revenue

Hotel operations revenue represents the income from hotel rooms and the sale of related food and beverages, which is recognised when the services are rendered or goods are sold.

Golf course operations revenue

Golf course operations revenue represents the income from the usage of golf courses and ancillary equipment, the provision of golf services, and the provision of food and beverages, etc., which is recognised when the services are rendered or goods are sold.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Golf club membership revenue

Golf club membership entitles the members to golf operations related services provided during the membership period or to purchase goods or services at prices lower than those charged to non-members. Golf club membership revenue is recognised on the straight-line basis which reflects the expected period when the benefits are provided.

Operating lease income

Operating lease income from investment properties is recognised on the straight-line basis over the lease term, which is the non-cancellable period for which the lessee has contracted to lease the properties together with any further terms for which the lessee has the option to continue to lease the properties, with or without further payments, when at the inception of the lease, it is reasonably certain that the lessee will exercise the option.

Property management revenue

Property management revenue is recognised in the periods when the services are rendered.

Interest income

Interest income is recognised on a time proportion basis using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

Other borrowing costs are recognised as expenses when incurred.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.4 Summary of Significant Accounting Policies (continued)

Borrowing costs (continued)

The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a sit of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Government grants

Government grants (including non-monetary grants) are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the grant is deducted from the relevant asset before arriving at the carrying amount of the asset. The grant is recognised in the profit or loss over the time of asset realisation by way of a reduced cost of assets' charge. Grants received in connection with the Group's role in planning and constructing the ancillary public facilities are deducted from the development cost of the ancillary public facilities and would be recognised indirectly in the form of an increased profit margin over the course of recognising revenue in connection with the ancillary public facilities services.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit or loss, or in equity if it relates to items that are recognised directly in equity in the same or a different period.

Current tax is provided at rates applicable to entities in the PRC on the income for statutory financial reporting purposes, as adjusted for income and expense items which are not assessable or deductible for income tax purposes.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.4 Summary of Significant Accounting Policies (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associated companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associated companies, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate the same taxable entity and the same taxation authority.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.4 Summary of Significant Accounting Policies (continued)

Dividends

When dividends have been approved by the directors and shareholders and declared, they are recognised as a liability.

Employee retirement benefits

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in the PRC (the "PRC group companies") have participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the PRC group companies are required to contribute a certain percentage of the salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to the profit or loss as incurred.

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by the Company with assistance from the valuer using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

2.4 Summary of Significant Accounting Policies (continued)

Share-based payment transactions (continued)

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share, where appropriate.

Foreign currency translation

The financial statements are presented in RMB which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. All transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating to those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the profit or loss.

Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the statement of financial position of the Group.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.5 Impact of issued but not yet effective IFRSs

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below.

IFRS 1 First-time Adoption of IFRSs (Revised)

IFRS 1 (Revised) is effective for annual periods beginning on or after 1 July 2009 The revised IFRS 1 corrects a potential technical problem arising from the interaction of IFRS 1 and the revised IFRS 3 Business Combinations and revised IAS 27 Consolidated and Separate Financial Statements, both published in March 2008. The amendment does not have any financial impact on the Group.

IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions

IFRS 2 Amendments is effective for annual periods beginning on or after 1 January 2010. The amendments clarify its scope and the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction. The amendments are unlikely to have any financial impact on the Group.

IFRS 3 – Business Combinations (Revised) and IAS 27 – Consolidated and Separate Financial Statements (Revised)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Revised) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

IFRS3 (Revised) and IAS 27 (Revised) are effective for annual periods beginning on or after 1 July 2009. The Group does not expect IFRS3 (Revised) and IAS 27 (Revised) to have impacts on the consolidated financial statements.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.5 Impact of issued but not yet effective IFRSs (continued)

IFRS 9 Financial Instruments

IFRS 9 is effective for annual periods beginning on or after 1 January 2013. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. It will be effective for annual periods beginning on or after 1 January 2013, with early adoption permitted. The Group has not decided to early adopt IFRS 9. The Group does not expect IFRS 9 to have impacts on the consolidated financial statements.

IAS 24 Related Party Transactions (Revised)

IAS 24 (Revised) is effective for annual periods beginning on or after 1 January 2011. The revised IAS 24 clarifies and simplifies the definition of a related party. The revised standard also provides some relief for government-related entities to disclose details of all transactions with other government-related entities (as well as with the government itself). The revision will not have significant impact on the Group.

IAS 32 Classification of Rights Issues (Amendment)

IAS 32 Amendment is effective for annual periods beginning on or after 1 February 2010. The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met. As the Group had no such transactions, the amendment will have no impact on the Group.

IAS 39 – Financial Instruments: Recognition and Measurement – Eligible hedged items (Amendment)

This amendment is effective for annual periods beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. The Group does not expect IAS 39 (Amended) to have an impact on the consolidated financial statements.

IFRIC 17 Distributions of Non-cash Assets to Owners

This interpretation is effective for annual periods beginning on or after 1 July 2009 with early application permitted. It provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognise a liability, how to measure it and the associated assets, and when to derecognise the asset and liability. The Group does not expect IFRIC 17 to have an impact on the consolidated financial statements as the Group has not made non-cash distributions to shareholders in the past.

Notes to Financial Statements

For the financial year ended 31 December 2009

2.5 Impact of issued but not yet effective IFRSs (continued)

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 clarifies how to account for extinguishing financial liabilities with equity instruments. When equity instruments issued to a creditor to extinguish all or part of a financial liability are recognized initially, an entity shall measure them at the fair value of the equity instruments issued, unless that fair value cannot be reliably measured. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished, and the consideration paid, shall be recognized in profit or loss. An entity shall apply this Interpretation for annual periods beginning on or after 1 July 2010 with earlier application permitted. The Group does not expect IFRIC 19 to have an impact on the consolidated financial statements.

Improvements to IFRSs

In May 2008 and April 2009 the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. Amendments to IFRS 5 included in the Improvements to IFRS issued in May 2008 and other amendments (amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16) included in the Improvements to IFRSs issued in April 2009, were not yet effective for the annual period ended 31 December 2009 with earlier application permitted. The Group does not expect those to have a significant impact on the consolidated financial statements.

3. Investments in subsidiaries

Company

	31 December 2009	31 December 2008
Shares, at cost	2,024,561	2,024,561
Less: Allowance for impairment	(787,000)	(787,000)
Advances to subsidiaries	1,731,138	1,731,138
	2,968,699	2,968,699

SGLD made significant losses in the year ended 31 December 2008, and the carrying amount of investment in SGLD on the Company's separate financial statements before impairment allowance was significantly higher than the Company's share of the book value of SGLD's net assets. As of 31 December 2008, the Company performed an impairment assessment on the investment in SGLD. As a result, a RMB787 million impairment loss, being the excess of carrying amount over the recoverable amount (RMB1,237.6 million, the value in use based on estimated future cash flows discounted at a rate of 11.5 per cent per annum), was recognised in the Company's separate financial statements for the year ended 31 December 2008.

During the year ended 31 December 2009, the Company reassessed the impairment on the investment in SGLD and determined that the carrying amount was close to the recoverable amount (the value in use based on estimated future cash flows discounted as a rate of 11 per cent per annum). As a result, the Company neither further provided nor reversed the impairment loss in the Company's separate financial statements for the year ended 31 December 2009.

The allowance for impairment did not affect the consolidated financial statements, as the investments in SGLD (a subsidiary) have been fully eliminated upon consolidation and all operating results of SGLD were included in the consolidated financial statements.

Notes to Financial Statements

For the financial year ended 31 December 2009

3. Investments in subsidiaries (continued)

The Group's direct or indirect interests in all subsidiaries are set out below:

Directly held by the Company

Name	Place and date of incorporation	Cost of investment	Proportion of ownership interest (%) 2009	2008	Principal activities
Meeko Investment Limited	British Virgin Islands 19 August 2005	1,230,300	100	100	Investment holding
Weblink International Limited	British Virgin Islands 17 November 2005	794,261	100	100	Investment holding
Protex Investment Limited	British Virgin Islands 18 October 2006	–	100	100	Investment holding
		2,024,561			

Indirectly held by the Company

Ultimately held through	Name of subsidiaries	Place and date of incorporation	Proportion of ownership interest (%) 2009	2008	Effective equity interest (%) 2009	2008	Principal activities
Meeko Investment Limited and Weblink International Limited	SGLD	PRC 26 September 2002	72.63	72.63	72.63	72.63	Land infrastructure development
	Shanghai Lake Malaren Golf Club Co., Ltd.	PRC 6 July 2004	95	95	69	69	Golf management
	Shanghai Lake Malaren Property Management Co., Ltd.	PRC 23 June 2005	97.6	97.6	70.89	70.89	Property management
	Shanghai Junyihui Entertainment Co., Ltd.	PRC 28 July 2005	100	100	72.63	72.63	Entertainment services provider
	Shanghai Lake Malaren Hotel Management Co., Ltd.	PRC 25 April 2006	100	100	72.63	72.63	Hotel and club management
	Shanghai Golden Luodian Infrastructure Development Co., Ltd.	PRC 16 March 2009	100	–	72.54	–	Construction of transportation hub and real estate development
	Shanghai Malaren Tourism Development Co., Ltd.	PRC 29 December 2009	90	–	65.37	–	Travelling information and wedding etiquette service

Notes to Financial Statements

For the financial year ended 31 December 2009

3. Investments in subsidiaries (continued)

Indirectly held by the Company (continued)

Ultimately held through	Name of subsidiaries	Place and date of incorporation	Proportion of ownership interest (%) 2009	Proportion of ownership interest (%) 2008	Effective equity interest (%) 2009	Effective equity interest (%) 2008	Principal activities
Weblink International Limited	Shanghai Jia Tong Enterprises Co., Ltd.	PRC 12 April 2006	100	100	100	100	Consultation services and property management
Protex Investment Limited	China New Town Development (Changchun) Co., Ltd.	British Virgin Islands 7 September 2006	100	100	100	100	Investment holding
	China New Town Development (Wuxi) Co., Ltd.	British Virgin Islands 18 October 2006	100	100	100	100	Investment holding
	China New Town Development (Shenyang) Co., Ltd.	British Virgin Islands 18 October 2006	100	100	100	100	Investment holding
	Safewell Investment Limited	British Virgin Islands 14 February 2007	100	100	100	100	Investment holding
	Wuxi Hongshan New Town Development Co., Ltd.	PRC 6 March 2007	90	90	90	90	Real estate development and management
	Shenyang Lixiang New Town Development Co., Ltd.	PRC 6 March 2007	90	90	90	90	Real estate development and management

Notes to Financial Statements

For the financial year ended 31 December 2009

3. Investments in subsidiaries (continued)

Indirectly held by the Company (continued)

Ultimately held through	Name of subsidiaries	Place and date of incorporation	Proportion of ownership interest (%) 2009	2008	Effective equity interest (%) 2009	2008	Principal activities
Protex Investment Limited	Shanghai CNTD Management Consulting Co., Ltd.	PRC 21 June 2007	100	100	100	100	Enterprise investment consultation
	Wuxi Hongshan New Town Virescence Environmental Protection Construction Co., Ltd.	PRC 17 August 2007	90	90	90	90	Planting, maintenance and management of scenic spots in the Wuxi Project
	Changchun New Town Automobile Industry Construct Co., Ltd.	PRC 15 November 2007	80	80	80	80	Land infrastructure development
	Shenyang Lake Malaren Country Club Co., Ltd.	PRC 6 March 2008	100	100	100	100	Sports management
	Shenyang Meteorite Park Tourism Development Co., Ltd. (Formerly named: Shenyang Lixiang New Town virescence Environmental Protection construction Co., Ltd.)	PRC 13 March 2008	100	100	100	100	Landscaping, and plant maintenance and management of scenic spots
	Wuxi Hongshan New Town Commercial Operation and Management Co., Ltd.	PRC 18 March 2008	100	100	90	90	Business management

Notes to Financial Statements

For the financial year ended 31 December 2009

3. Investments in subsidiaries (continued)

The advances to subsidiaries are advances to intermediate holding companies, and they are unsecured, non-interest-bearing, without fixed repayment terms and are expected to be settled in cash. The intermediate holding companies used these advances to finance their investment holdings of equity interests of the Group's indirect subsidiaries. Details of which are as follows:

	31 December 2009	31 December 2008
Amounts due from:		
China New Town Development (Shenyang) Co., Ltd.	1,042,047	1,042,047
China New Town Development (Wuxi) Co., Ltd.	511,258	511,258
China New Town Development (Changchun) Co., Ltd.	176,320	176,320
Safewell Investment Limited	1,513	1,513
	1,731,138	1,731,138

4. Investments in associated companies

Group	31 December 2009	31 December 2008
Share of net assets:		
Balance at beginning and end of the year	200	200

Details of the associated companies are as follows:

Name	Place and date of incorporation	Proportion of ownership interest attributable to the Group (%) 31 December 2009	Proportion of ownership interest attributable to the Group (%) 31 December 2008	Effective equity interest attributable to the Group (%) 31 December 2009	Effective equity interest attributable to the Group (%) 31 December 2008	Issued and paid-up capital	Authorised share capital	Principal activities
Shanghai Jinweifeng Commercial Property Management Co., Ltd. *	PRC 5 August 2005	–	49	–	35.59	RMB 1 million	RMB 1 million	Provision of consultancy services and property agency services; and retail and wholesale trade in textile goods and handicrafts
Shanghai Malaren Lake Artwork Exhibition Co., Ltd.	PRC 25 April 2006	20	20	14.53	14.53	RMB 1 million	RMB 1 million	Artwork exhibition

* The entity was liquidated in 2009.

The assets and operation results of these associated companies are not material to the Group.

Notes to Financial Statements

For the financial year ended 31 December 2009

5. Operating segment information

For management purpose, the Group is organised into business units based on their products and services and has the following operating segments. The Group's operational assets and operations are located in Mainland China.

- Land infrastructure development segment provided land infrastructure development and construction of ancillary public facilities;
- Property leasing segment provides property leasing services of investment properties;
- Hotel operation segment provided room, restaurants and conference hall services;
- Golf operation segment provides golf course management services;
- Others segment provides investment and property management services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit and loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

Land infrastructure development revenue from the Group's share of proceeds of land sale by local authorities in Shanghai accounted for 80% (2008: 68%) of the revenue in the year ended 31 December 2009.

An analysis by business segment is as follows:

	Year ended 31 December 2009						
	Land infrastructure development	Property leasing	Hotel operations	Golf operations	Others	Adjustments and eliminations	Total
Segment results							
External sales	991,132	6,061	29,744	56,176	4,242	–	1,087,355
Inter-segment sales	–	–	–	–	5,533	(5,533)[1]	–
Total segment sales	991,132	6,061	29,744	56,176	9,775	(5,533)	1,087,355
Other segment items included in the profit or loss							
Depreciation	(8,082)	–	(29,901)	(26,032)	(1,460)	–	(65,475)
Amortisation	(220)	–	(3,028)	(5,302)	–	–	(8,550)
Gain on the repurchase of Senior Notes	–	–	–	–	24,744	–	24,744
Impairment loss on property, plant and equipment	–	–	(8,810)	–	–	–	(8,810)
Fair value loss on completed investment properties	–	(14,163)	–	–	–	–	(14,163)
Fair value gain on investment properties under construction	–	39,036	–	–	–	–	39,036
Segment profit/(loss)	519,357	(13,334)	(45,829)	(10,779)	(2,794)	(104,352)[2]	342,269
Segment assets	5,160,670	748,192	726,764	867,069	988,923	128,807[3]	8,620,425
Segment liabilities	2,250,744	91,299	38,258	635,983	279,362	2,515,622[4]	5,811,268
Other disclosures							
Capital expenditure[5]	8,760	98,087	97,099	51,941	85	–	255,972

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For the financial year ended 31 December 2009

5. Operating segment information (continued)

1 Inter-segment sales are eliminated on consolidation.
2 Profit for each operating segment does not include finance costs (RMB104,352 thousand).
3 Assets in segments do not include investments in associated companies (RMB200 thousand) and deferred tax assets (RMB128,607 thousand) as these assets are managed on a group basis.
4 Liabilities in segments do not include current tax payables (RMB358,622 thousand) and loans (RMB2,157,000 thousand) as these liabilities are managed on a group basis.
5 Capital expenditure consists of additions of prepaid land lease payment (non-current) (RMB79,100 thousand), property, plant and equipment (RMB78,785 thousand), completed investment properties and investment properties under construction (RMB98,087 thousand).

An analysis by business segment is as follows:

	Year ended 31 December 2008						
	Land infrastructure development	Property leasing	Hotel operations	Golf operations	Others	Adjustments and eliminations	Total
Segment results							
Total segment sales	466,446	558	32,194	61,210	3,688	–	564,096
Inter-segment sales	–	–	–	–	6,552	(6,552)[1]	–
External sales	466,446	558	32,194	61,210	10,240	(6,552)	564,096
Results							
Depreciation	(5,461)	–	(34,450)	(24,548)	(1,390)	–	(65,849)
Amortisation	(513)	–	(3,028)	(5,302)	–	–	(8,843)
Loss on CB2 other than interest cost, net	–	–	–	–	(287,826)	–	(287,826)
Impairment loss on property, plant and equipment	–	–	(136,773)	–	–	–	(136,773)
Fair value loss on completed investment properties	–	(488,160)	–	–	–	–	(488,160)
Segment profit/(loss)	131,471	(487,261)	(185,875)	(10,720)	(387,184)	(193,696)[2]	(1,133,265)
Segment assets	3,429,983	538,507	629,653	841,162	830,801	130,016 [3]	6,400,122
Segment liabilities	1,466,748	137,504	53,023	675,515	593,132	1,398,165 [4]	4,324,087
Other disclosures							
Capital expenditure[5]	28,108	94,574	39,643	107,685	9,507	–	279,517

1 Inter-segment sales are eliminated on consolidation.
2 Profit for each operating segment does not include finance costs (RMB193,696 thousand).
3 Assets in segments do not include investments in associated companies (RMB200 thousand) and deferred tax assets (RMB129,816 thousand) as these assets are managed on a group basis.
4 Liabilities in segments do not include current tax payables (RMB261,165 thousand) and loans (RMB1,137,000 thousand) as these liabilities are managed on a group basis.
5 Capital expenditure consists of additions of prepaid land lease payment (non-current) (RMB3,046 thousand), property, plant and equipment (RMB181,897 thousand), completed investment properties and investment properties under construction (RMB94,574 thousand).

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For the financial year ended 31 December 2009

6. Revenue, other income and other expenses

Revenue

	Year ended 31 December 2009	Year ended 31 December 2008
Development of land infrastructure:		
Development of land	367,024	193,885
Construction of ancillary public facilities	676,073	303,420
Hotel operations	31,325	34,047
Golf operations	72,380	78,667
Investment property leasing	6,384	593
Others	4,613	4,269
Less: Business tax and surcharges		
– Development of land infrastructure	(51,965)	(30,859)
– Hotel operations	(1,581)	(1,853)
– Golf operations	(16,204)	(17,457)
– Investment property leasing	(323)	(35)
– Others	(371)	(581)
	1,087,355	564,096

Other income

	Year ended 31 December 2009	Year ended 31 December 2008
Foreign exchange gain, net	300	–
Interest income	1,237	14,601
Tax refund	5,900	–
Others	982	1,558
	8,419	16,159

Other expenses

	Year ended 31 December 2009	Year ended 31 December 2008
Foreign exchange loss, net	–	34,264
Bank charges	1,099	1,174
Others	621	724
	1,720	36,162

Notes to Financial Statements

For the financial year ended 31 December 2009

7. Expenses by nature

	Year ended 31 December 2009	Year ended 31 December 2008
Cost of development of land infrastructure	351,785	278,468
Depreciation of property, plant and equipment	65,475	65,849
Amortisation of prepaid land lease payments	8,550	8,843
Employee benefits	78,587	87,064
Cost of inventories	12,967	13,909
Utility expenses	13,745	14,332
Property tax, stamp duty and land use tax	11,534	11,057
Commission to agents for sale of golf club membership	1,462	1,536
Agency fee for promotional services	78,000	–
Financial advisory service fee	12,120	–
Bad debt write-off	–	10,193
Expenses incurred for the repurchase of CB2	–	29,739
Others	54,015	49,913
Total cost of sales, selling and distribution costs and administrative expenses	688,240	570,903

8. Finance costs

	Year ended 31 December 2009	Year ended 31 December 2008
Interest on bank and borrowings	84,802	123,351
Interest on Senior Notes	91,335	36,757
Interest on CB3	5,536	–
Interest on CB2	–	167,704
Less: Interests capitalised	(77,321)	(134,116)
	104, 352	193,696

The borrowing costs have been capitalised at weighted average rates of 9.97% and 12.70% per annum for the years ended 31 December 2009 and 31 December 2008 respectively.

Notes to Financial Statements

For the financial year ended 31 December 2009

9. Income tax

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

The Company is a tax-exempted company incorporated in the British Virgin Islands.

The principal operating subsidiaries of the Company were subject to income tax at the rate of 25% on their taxable income according to the Income Tax Law of PRC.

The major components of income tax are:

	Year ended 31 December 2009	Year ended 31 December 2008
Income tax charge/(credit):		
Current income tax	97,600	84,532
Deferred tax	1,209	(230,447)
Income tax charge/(credit) as reported in profit or loss	98,809	(145,915)

A reconciliation between tax credit and the product of accounting profit multiplied by the Group's applicable income tax rate is as follows:

Year ended 31 December 2009

	CNTD and BVI companies		Mainland China		Total	
Profit/(loss) before tax	(30,416)		372,685		342,269	
Tax at statutory tax rate	–	–	93,171	25.0%	93,171	27.2%
Tax losses not recognised	–	–	1,843	0.5%	1,843	0.5%
Non-deductible expenses for tax purposes	–	–	3,795	1.0%	3,795	1.1%
Income tax as reported in profit or loss	–	–	98,809	26.5%	98,809	28.9%

Notes to Financial Statements

For the financial year ended 31 December 2009

9. Income tax (continued)

Year ended 31 December 2008

	CNTD and BVI companies		Mainland China		Total	
Loss before tax	(454,874)		(678,391)		(1,133,265)	
Tax at statutory tax rate	–	–	(169,598)	25.0%	(169,598)	15.0%
Tax losses not recognised	–	–	692	(0.1%)	692	(0.1%)
Non-deductible expenses for tax purposes	–	–	22,991	(3.4%)	22,991	(2.0%)
Income tax as reported in profit or loss	–	–	(145,915)	21.5%	(145,915)	12.9%

Other comprehensive income

	Year ended 31 December 2009	Year ended 31 December 2008
Deferred tax related to items charged or credited directly to equity during the year:		
Income tax charged directly to equity	–	–

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For the financial year ended 31 December 2009

9. Income tax (continued)

Deferred income tax:

	Consolidated statement of financial position		Profit or loss	
	31 December 2009	31 December 2008	Year ended 31 December 2009	Year ended 31 December 2008
Deferred tax liabilities/(assets)				
Net difference between net carrying amount of prepaid land lease payments and land infrastructure under development and their tax base	41,932	40,613	1,319	6,245
Pre-operating expense	(47)	(211)	164	222
Net difference between net carrying amount of property, plant and equipment and its tax base	(35,218)	(34,193)	(1,025)	(34,193)
Net difference between net carrying amount of investment properties and their tax base	(4,656)	(17,820)	13,164	(119,176)
Losses available for offsetting against future taxable income	(17,410)	(7,807)	(9,603)	(5,083)
The difference in accounting and tax bases arising from the accounting for golf club revenue and related costs	(114,871)	(110,398)	(4,473)	(78,462)
Others	1,663	–	1,663	–
	(128,607)	(129,816)		
Deferred income tax charge/(credit)			1,209	(230,447)
Deferred tax assets	(128,607)	(129,816)		
Deferred tax liabilities	–	–		

10. Dividends

Group and Company	Year ended 31 December 2009	Year ended 31 December 2008
Proposed final dividends	41,684	–

A final dividend of SGD0.00278 per ordinary share has been proposed by the Company in respect of the year ended 31 December 2009 (nil for the year ended 31 December 2008). The proposed dividend shall be paid on 24 May 2010 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

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11. Earnings/(loss) per share

The calculation of basic earnings/loss per share amount is based on the profit/loss attributable to ordinary equity holders of the parent for the years ended 31 December 2009 and 31 December 2008.

A diluted earnings/loss per share amount is calculated by dividing the profit/loss attributable to ordinary equity holders of the parent (after adjusting profit or loss effects of dilutive convertible bonds, if any) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Employee share options (see Note 28) are treated as options and outstanding from the date of grant, since they are dilutive, they have been included in the dilutive earnings per share calculation for the years ended 31 December 2009 (anti-diluted on 31 December 2008 and excluded in the dilutive loss per share calculation). The calculation of diluted earnings per share for the year ended 31 December 2009 assumes the conversion of CB3 which would have a dilutive effect on the earnings per share.

The following reflects the profit/loss and share data used in the basic and diluted earnings/loss per share computations:

	Year ended 31 December 2009	Year ended 31 December 2008
Profit/(loss) attributable to ordinary equity holders of the Company from continuing operations	166,630	(845,543)
Less: Net effect of dilutive convertible bond	2,943	–
Profit/(loss) attributable to ordinary equity holders of the parent adjusted for effect of the dilutive convertible bond	169,573	(845,543)
Weighted average number of ordinary shares outstanding	2,603,796,888	1,584,838,699
Add: Net effect of dilutive potential ordinary shares of MSOP	994,897	–
Add: Net effect of dilutive potential ordinary shares of convertible bond	235,541,457	–
Number of ordinary shares used to calculate the diluted earnings/loss per share	2,840,333,242	1,584,838,699
Basic earnings/(loss) per share (RMB)	0.0640	(0.5335)
Diluted earnings/(loss) per share (RMB)	0.0597	(0.5335)

There have been no other transactions involving ordinary shares or potential ordinary shares between 31 December 2009 and the date when the financial statements were approved and authorised for issue that would affect the calculation of the above earnings per share.

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For the financial year ended 31 December 2009

12. Property, plant and equipment

Group	Hotel properties	Golf operational assets	Other buildings	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
Original cost							
At 1 January 2008	686,437	530,809	38,768	50,352	31,462	92,385	1,430,213
Transfers	16,748	88,268	30,988	–	–	(136,004)	–
Additions	15,874	4,788	5,104	7,837	9,167	139,127	181,897
Disposals	–	–	(252)	(57)	(642)	–	(951)
At 31 December 2008	719,059	623,865	74,608	58,132	39,987	95,508	1,611,159
Transfers	1,021	–	–	–	–	(25,241)	(24,220)-
Additions	1,180	563	7,276	706	1,361	67,699	78,785
Disposals	–	–	–	(49)	(1,450)	–	(1,499)
At 31 December 2009	721,260	624,428	81,884	58,789	39,898	137,966	1,664,225
Accumulated depreciation							
At 1 January 2008	77,653	43,409	2,510	17,968	12,635	–	154,175
Provided during the year	30,438	16,533	3,646	9,031	6,201	–	65,849
Disposals	–	–	(252)	(28)	(543)	–	(823)
At 31 December 2008	108,091	59,942	5,904	26,971	18,293	–	219,201
Provided during the year	25,879	17,574	4,573	10,158	7,291	–	65,475
Disposals	–	–	–	(26)	(1,300)	–	(1,326)
At 31 December 2009	133,970	77,516	10,477	37,103	24,284	–	283,350
Impairment							
At 1 January 2008	–	–	–	–	–	–	–
Recognised during the year	136,773	–	–	–	–	–	136,773
Reversals	–	–	–	–	–	–	–
At 31 December 2008	136,773	–	–	–	–	–	136,773
Recognised during the year	8,810	–	–	–	–	–	8,810
Reversals	–	–	–	–	–	–	–
At 31 December 2009	145,583	–	–	–	–	–	145,583
Net carrying amount							
At 1 January 2008	608,784	487,400	36,258	32,384	18,827	92,385	1,276,038
At 31 December 2008	474,195	563,923	68,704	31,161	21,694	95,508	1,255,185
At 31 December 2009	441,707	546,912	71,407	21,686	15,614	137,966	1,235,292

Certain of the Group's properties have been pledged to banks for interest-bearing bank loans granted to the Group (see Note 21).

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For the financial year ended 31 December 2009

12. Property, plant and equipment (continued)

Impairment of property, plant and equipment

Due to the losses in hotel operations in 2009, the Group performed an impairment assessment on the property, plant and equipment used in the hotel operations and conference centre, and as a result, a total of RMB8,810 thousand impairment loss of conference centre, being the excess of its carrying amount over its recoverable amount, was recognised in the Group's financial statements for the year ended 31 December 2009. The recoverable amount of the conference centre was determined based on value in use and was determined at the estimated future cash flow discounted at rates of 11 per cent per annum.

13. Completed investment properties and investment properties under construction

Group

Completed investment properties	Year ended 31 December 2009	Year ended 31 December 2008
At beginning of year	497,010	845,000
Add: Transfer from investment properties under construction	6,153	140,170
Add: Loss from decrease in fair value of completed investment properties	(14,163)	(488,160)
At end of year	489,000	497,010

Investment properties under construction	Year ended 31 December 2009	Year ended 31 December 2008
At beginning of year	39,740	85,336
Add: Construction costs	98,087	94,574
Less: Transfers to completed investment properties	(6,153)	(140,170)
Add: Fair value adjustment	39,036	–
At end of year	170,710	39,740

The investment properties owned by the Group include retail spaces on commercial streets and comprise both completed investment properties and investment properties under construction. The fair values were valued by DTZ Debenham Tie Leung Limited ("DTZ"), an independent professionally qualified valuer.

As set out in Note 2.2, prior to 1 January 2009, investment properties under construction were carried at cost under "property under development for long-term investment".

As there is no active market for the said properties, and due to the absence of similar property in the same location and condition, the valuations were performed based on the income approach. The following main inputs have been used.

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13. Completed investment properties and investment properties under construction (continued)

	31 December 2009	31 December 2008
Yield		
Scandinavia Street, Shanghai	9-10%	9-10.5%
Wu Culture Street, Wuxi	4-5%	4-5%

Investment properties under construction

In arriving at fair value of the investment properties under construction, reference is made to the comparable sales evidence available in the relevant market, after taking into account the expended construction costs and the costs that will be expended to complete the development.

Changes in fair values of completed investment properties are recognised in profit or loss. The Group's interests in completed investment properties at their net book values are analysed as follows:

Description and Location	Existing use	Tenure	Unexpired Lease term	31 December 2009	31 December 2008
Scandinavia Street Shanghai, PRC	Retail street	Leasehold	45.8 years	420,000	420,000
Wu Culture Street Wuxi, PRC	Retail street	Leasehold	37.9 years	69,000	77,010
				489,000	497,010

The following amounts relating to the completed investment properties and investment properties under construction have been recognised in profit or loss

	Year ended 31 December 2009	Year ended 31 December 2008
Completed investment properties:		
Rental income	6,384	593
Loss from decrease in fair value	(14,163)	(488,160)
Other direct operating expenses	(1,033)	(547)
Investment properties under construction:		
Gain from increase in fair value	39,036	–

Certain investment properties are pledged for bank borrowings (see Note 21).

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14. Prepaid land lease payments

The Group's prepaid land lease payments represent prepaid operating lease payments and their movements are analysed below:

	31 December 2009	31 December 2008
In Mainland China, leases of between 40 and 70 years	553,411	320,273

Group	Year ended 31 December 2009	Year ended 31 December 2008
At beginning of year	320,273	326,070
Additions	241,688	3,046
Amortisation charges to profit or loss	(8,550)	(8,843)
At end of year	553,411	320,273

As of 31 December 2009, the above prepaid land lease payments included balance of RMB162,588 thousand (2008: nil) prepaid land lease payments held for development into properties for sale, hence they are classified as current assets.

The net carrying amounts of prepaid land lease payments, which were pledged for bank borrowings (see Note 21), were as follows at the respective end of the reporting periods:

	31 December 2009	31 December 2008
Land use rights for convention facilities	72,285	73,865
Land use rights for golf club house and hotel	226,125	232,875
	298,410	306,740

15. Land infrastructure under development for sale

Group	31 December 2009	31 December 2008
At cost:		
Mainland China	3,640,398	3,470,967

Land infrastructure under development for sale is expected to be realised in the normal operating cycle, which is longer than twelve months.

As mentioned in revenue recognition accounting policy in Note 2.4, the realisation of land infrastructure under development for sale depends on the timing of sales of related land plots by governments, which is uncertain, out of the control of the Group, and the amounts of land infrastructure under development for sale recognised as cost of sales (see Note 7) upon realisation changed significantly from year to year.

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16. Prepayments and other receivables

Group	31 December 2009	31 December 2008
Prepayments	6,155	9,442
Other receivables	354,983	22,418

The above other receivables balances included a RMB322 million estimated receivable due from the Changchun Auto Industry Development Zone Administrative Committee (the "Changchun Committee"). In December 2009, the Group has entered into an agreement with Changchun Committee, the non-controlling shareholder of one of the subsidiaries, Changchun New Town Automobile Industry Construct Co., Ltd., to cease the land infrastructure development in Changchun. Pursuant to the agreement, the Changchun Committee will fully repay the cost of construction, certain related expenditure and compensation for finance costs at a rate of 10 per cent per annum. The Group and the Changchun Committee have mutually agreed to appoint qualified professionals to do construction audit to determine the total amount payable by the Changchun Committee to the Group. Such amounts were agreed to be settled by the Changchun Committee within 2010. RMB10 million has been collected in 2009. The transaction did not contribute any significant profit or loss to the Group.

An aged analysis of the other receivables is as follows:

	31 December 2009	31 December 2008
Within 6 months	334,131	567
6 months to 1 year	156	947
1 year to 2 years	755	20,141
2 years to 3 years	19,331	186
Over 3 years	610	577
	354,983	22,418

None of the above balance is either past due or impaired.

17. Trade receivables

Group	31 December 2009	31 December 2008
Receivables from the development of land infrastructure	374,545	302,369
Receivables from the sale of golf club membership	51,075	110,531
Others	5,203	1,953
	430,823	414,853

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For the financial year ended 31 December 2009

17. Trade receivables (continued)

An aged analysis of the trade receivables is as follows:

	31 December 2009	31 December 2008
Within 6 months	164,472	153,356
6 months to 1 year	14,640	92,209
1 year to 2 years	156,993	52,510
2 years to 3 years	27,991	47,226
Over 3 years	66,727	69,552
	430,823	414,853

The above balances are unsecured and interest-free. The fair values of the trade receivables at each of the end of the reporting periods approximate to their carrying amounts. No trade receivables were written off as of 31 December 2009 (2008: RMB10,193 thousand).

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	31 December 2009	31 December 2008
Neither past due nor impaired	408,062	396,609
Past due but not impaired:		
Within 30 days	618	584
30 to 60 days	667	266
60 to 90 days	1,127	189
90 to 120 days	517	795
Over 120 days	19,832	16,410
	430,823	414,853

18. Cash and bank balances

	Group		Company	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Cash on hand	310	372	1	1
Cash at bank	1,365,302	112,604	6,762	1,276
Short-term bank deposits	100,000	25,000	–	–
Cash and cash equivalents	1,465,612	137,976	6,763	1,277
Restricted bank deposits	43,759	46,277	7,758	46,134
	1,509,371	184,253	14,521	47,411

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For the financial year ended 31 December 2009

18. Cash and bank balances (continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made for varying periods of between one day and three months, based on the immediate cash requirements of the Group, and earn interest at the respective short-term bank deposit rates.

Included in restricted bank deposits as of 31 December 2009 are amounts of USD1,135 thousand (2008: USD6,750 thousand) and RMB36 million, relating to the interest to be paid for Senior Notes (see Note 22) on 12 March 2010 (2008: 12 March 2009) and for the RMB600 million bank loan obtained in October 2009 respectively, which have been escrowed in interest reserve accounts.

The carrying amounts of the cash and deposits which are denominated in the following currencies are set out below:

RMB equivalent of the following currencies:	Group		Company	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
SGD	72	79	72	79
RMB	1,494,781	136,772	–	–
HKD	6,682	1,199	6,682	1,198
USD	7,836	46,203	7,767	46,134
	1,509,371	184,253	14,521	47,411

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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For the financial year ended 31 December 2009

19. Share capital

Group and Company

Ordinary shares issued and fully paid	Year ended 31 December 2009 Number of shares (Thousands)*	Year ended 31 December 2009 Amount*	Year ended 31 December 2008 Number of shares (Thousands)*	Year ended 31 December 2008 Amount*
Share capital at the beginning of the year	2,006,025	2,115,240	1,401,025	1,891,080
Increases during the year:				
Shares issued upon private placement	902,295	244,252	–	–
Shares issued upon exercise of management share options granted under the MSOP	2,753	5,569	–	–
Shares issued upon the repurchase of Senior Notes	229,586	132,324	–	–
Subscription Shares issued upon the repurchase of CB2 (see Note 23)	–	–	525,000	175,125
Grant Shares issued with issuance of Senior Notes upon the repurchase of CB2 (see Note 23)	–	–	80,000	26,686
Refund of transaction costs for new shares issued upon IPO	–	–	–	22,349
Share capital at the end of the year	3,140,659	2,497,385	2,006,025	2,115,240

* There is no par value for the shares of the Company. In 2007, there was a share split whereby one existing share prior to the share split splited into 75,000 shares.

The holders of ordinary shares, except treasury shares, are entitled to receive dividends as and when they are declared by the Board of Directors and approved by the shareholders. All ordinary shares carry one vote per share without restrictions.

Treasury shares	Year ended 31 December 2009 Number of shares (Thousands)	Year ended 31 December 2009 Amount*	Year ended 31 December 2008 Number of shares (Thousands)	Year ended 31 December 2008 Amount*
At the beginning of the year	600	180	–	–
Acquired during the year	55,168	37,114	600	180
At the end of the year	55,768	37,294	600	180

Notes to Financial Statements

For the financial year ended 31 December 2009

19. Share capital (continued)

Group and Company (continued)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 55,168 thousand (2008: 600 thousand) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was RMB37,114 thousand (2008: RMB180 thousand) and this was presented as a component within shareholders' equity.

Notes to Financial Statements

For the financial year ended 31 December 2009

20. Other reserves

Group

	Imputed equity contribution upon reorganisation	Employee equity benefits reserve	Equity components of convertible bonds	Capital contribution received upon the Repurchase of CB2	Other reserves	Total
At 1 January 2008	224,032	8,516	203,428	–	–	435,976
Equity-settled share options to management	–	16,884	–	–	–	16,884
Transfer upon the repurchase of CB2	–	–	(191,805)	–	191,805	–
Considerations for the repurchase of CB2's equity component	–	–	(11,623)	–	–	(11,623)
Capital contribution from an indirect shareholder received upon the repurchase of CB2	–	–	–	163,433	–	163,433
At 31 December 2008	224,032	25,400	–	163,433	191,805	604,670
Equity-settled share options to management	–	12,485	–	–	–	12,485
Shares issued upon exercise of management share options granted under the MSOP	–	(5,569)	–	–	–	(5,569)
Equity components of CB3	–	–	137,415	–	–	137,415
At 31 December 2009	224,032	32,316	137,415	163,433	191,805	749,001

Notes to Financial Statements

For the financial year ended 31 December 2009

20. Other reserves (continued)

Company

	Imputed equity contribution upon reorganisation	Employee equity benefits reserve	Equity components of convertible bonds	Capital contribution received upon the Repurchase of CB2	Other reserves	Total
At 1 January 2008	1,557,445	8,516	203,428	–	–	1,769,389
Equity-settled share options to management	–	16,884	–	–	–	16,884
Transfer upon the repurchase of CB2	–	–	(191,805)	–	191,805	–
Considerations for the repurchase of CB2's equity component	–	–	(11,623)	–	–	(11,623)
Capital contribution from an indirect shareholder received upon the repurchase of CB2	–	–	–	163,433	–	163,433
At 31 December 2008	1,557,445	25,400	–	163,433	191,805	1,938,083
Equity-settled share options to management	–	12,485	–	–	–	12,485
Shares issued upon exercise of management share options granted under the MSOP	–	(5,569)	–	–	–	(5,569)
Equity components of CB3	–	–	137,415	–	–	137,415
At 31 December 2009	1,557,445	32,316	137,415	163,433	191,805	2,082,414

Nature and purpose of other reserves

Imputed equity contribution upon reorganisation

The Company applied the pooling of interests method to account for the business combination under common control which occurred on 20 December 2006. This therefore represents the difference between the Company's share of net assets of the Group, net share capital and retained earnings that should be recorded as a result of applying the pooling of interest method.

Notes to Financial Statements

For the financial year ended 31 December 2009

20. Other reserves (continued)

Nature and purpose of other reserves (continued)

Employee equity benefits reserve

Employee equity benefits reserve represents the equity-settled share options granted to management (see Note 28). The reserve represents of the cumulative value of services received from management recorded since the grant date of equity-settled share options, and would be reduced by the exercise of the share options.

	Year ended 31 December 2009	Year ended 31 December 2008
At beginning of year	25,400	8,516
Cost of equity-settled share options during the year	12,485	16,884
Transfer upon the exercise of share options during the year	(5,569)	–
At end of year	32,316	25,400

Equity component of convertible bonds

This represents the equity component of convertible bonds after the change of terms of CB2 net of effect of the Repurchase of CB2 and issuance of CB3 (see Note 23).

Capital contribution received upon the Repurchase of CB2

This represents the capital contribution from SRE Investment in connection with the Company's Repurchase of CB2 (see Note 23).

Other reserves

This represents the fair value change of the equity component of CB2 upon the Repurchase of CB2.

21. Interest-bearing bank borrowings

The interest-bearing bank borrowings which were all denominated in RMB were as follows:

Group	31 December 2009	31 December 2008
Bank loans – collateralised	2,157,000	1,137,000

The bank borrowings are repayable as follows:

	31 December 2009	31 December 2008
Within 6 months	100,000	–
6 months to 9 months	–	791,000
9 months to 12 months	210,000	346,000
Over 1 year	1,847,000	–
	2,157,000	1,137,000

The Group's bank loans bore interest at floating rates ranging from 5.35% to 6.37% and 5.76% to 7.74% per annum for the years ended 31 December 2009 and 31 December 2008, respectively.

Long-term and short-term bank borrowings

As at 31 December 2009, bank borrowings of RMB2,157,000 thousand (2008: RMB1,137,000 thousand) were collateralized by pledges of the Group's certain properties, completed investment properties and investment properties under construction, prepaid land lease payments, whose net carrying amounts at 31 December 2009 were RMB558,978 thousand (2008: RMB579,394 thousand), RMB584,000 thousand (2008: RMB420,000 thousand), RMB298,410 thousand (2008: RMB306,740 thousand) respectively.

The Group had no undrawn credit facilities as at 31 December 2009 and 31 December 2008.

Notes to Financial Statements

For the financial year ended 31 December 2009

22. Senior Notes

On 12 September 2008, a 17.75% US dollar settled Senior Secured Guaranteed Notes (the "Senior Notes") with the principal amount of RMB593.3 million due on 12 September 2011 were issued by the Company as part of the consideration for the Repurchase of CB2 (see Note 23).

On 11 September 2009, the Company has completed the repurchase of RMB505,940 thousand in principal amount (with a carrying amount of RMB497 million) of the Senior Notes from the Noteholders by an aggregate of newly issued 229,586,468 ordinary shares (with a fair value of RMB132 million) of the Company by way of a private placement and cash amounting to US dollar equivalent of RMB340 million, as a result, the Group reported a RMB24,744 thousand gain on repurchase. The Company financed the above-mentioned cash consideration through (i) the issue of 2% convertible bonds in an aggregate of RMB276 million due 2016 (see Note 23) and (ii) the issue of an aggregate of 222,295,064 shares in amount of RMB84 million by way of private placement to Sinopower Investment Limited (the "Sinopower"), a wholly-owned subsidiary of SRE Group Limited. The repurchased Senior Notes were cancelled and the outstanding principal after the repurchase is reduced to RMB87,360 thousand.

The movements of the carrying amounts of Senior Notes in the years ended 31 December 2009 and 31 December 2008 are as follows:

	Year ended 31 December 2009	Year ended 31 December 2008
Carrying amount at beginning of year	550,835	–
Carrying amount on initial recognition upon issuance	–	514,078
Interest expense (recognised using effective interest rate of 25.75% per annum)	91,335	36,757
Interest paid	(60,409)	–
Repurchase	(497,398)	–
Carrying amount at end of year	84,363	550,835
Less: accrued coupon interest (Note 25)	–	(32,026)
Current portion	(84,363)	–
Non-current portion	–	518,809

Since certain covenants of remaining Senior Notes have not been complied with as of 31 December 2009, which could result in the holder of Senior Notes requiring immediate repayment of the outstanding principal and accrued and unpaid interest, the Group classified the Senior Notes as current liability as of 31 December 2009 accordingly.

Notes to Financial Statements

For the financial year ended 31 December 2009

23. Convertible bonds and derivative financial liabilities

Group and Company

CB2

On 13 February 2007, 5.0% US dollar settled convertible bonds ("CB2") with a principal amount of RMB1,239.6 million due on 13 February 2010 (the "Maturity Date") were issued by the Company to four investors. On the Maturity Date, the Company should pay 136.2201% of the principal amount if CB2 had still not been converted by the investors into shares of the Company. In addition, CB2 could be put back to the Company at 135% of the principal amount on 13 February 2009 (the "Redemption Date") if the Company is not listed on an acceptable stock exchange by that date.

Based on the original terms of CB2, bondholders may convert CB2 into shares at any time during the period between the date when the Company is listed on an acceptable stock exchange and the Redemption Date or Maturity Date, as applicable. Since the number of shares to be issued upon conversion and the conversion price should be calculated by applying certain formulas contingent upon the time when the initial public offer of the Company occurs and exchange rates of the USD versus the RMB, etc, the equity conversion options embedded in the CB2 (based on original terms) were not equity instruments of the Company, the entire CB2 were accounted for as financial liabilities, i.e., host debt instruments with embedded derivatives (a conversion option and a put option).

On 15 September 2007, the Company agreed with the holders of CB2 to modify the terms of CB2, such that the modified equity conversion options of the instruments would be classified as equity of the Company.

After the amendment, the revised CB2 comprise three components: a straight-debt portion (financial liability), an embedded put option (financial liability) as revised (i.e., the right of the bondholders to put back the revised the convertible bonds at 135% of the principal amount during the period from 15 September 2008 to 15 October 2008 if they are not yet converted) and an equity instrument (the conversion option granting the holders the right, for a specified period of time before the Maturity Date, to convert the CB2 into a fixed number of ordinary shares of the Company. Accordingly, the Company has presented the liability and equity components separately on its statement of financial position since the date when the terms of CB2 were amended. The straight debt was initially recognised at fair value on the amendment date, and was subsequently carried at amortised cost. The embedded put option was separated from the straight debt instrument, and was accounted for as a financial liability at fair value through profit or loss.

On 5 November 2007, the Company allotted and issued 62,550,000 shares (after adjusting for the share split) pursuant to the partial conversion of CB2.

Notes to Financial Statements

For the financial year ended 31 December 2009

23. Convertible bonds and derivative financial liabilities (continued)

Group and Company (continued)

CB2 (continued)

Repurchase of CB2

On 12 September 2008, the Company has completed the purchase of all the outstanding CB2 with a principal amount of RMB1,127 million from the bondholders (the "Repurchase of CB2"). The Company, as consideration given to the bondholders for the Repurchase of CB2, paid RMB639.5 million in cash, issued 525 million shares (the "Subscription Shares") of the Company, and issued Senior Notes (see Note 22) with a principal amount of RMB593.3 million together with a grant of 80 million shares of the Company (the "Grant Shares"). In connection with the Repurchase of CB2, the Company's indirect and substantial shareholder, SRE Investment Holdings Limited ("SRE Investment"), also issued to those bondholders a price guarantee (the "Price Guarantee") regarding the price of the Company's shares on the third anniversary of the issuance of the Subscription Shares (the "Third Anniversary"), under which SRE Investment undertook to pay the bondholders an amount equal to the difference between the SGD0.165 and the share price of the Subscription Shares sold during 40 business days after the Third Anniversary, multiplied by the number of such Subscription Shares sold.

As a result, on that date, the Company accounted for the Repurchase of CB2 by:

- Recognised the issuance of Subscription Shares, Senior Notes and Grant Shares, at their fair values, i.e., RMB175,125 thousand, RMB514,078 thousand and RMB26,686 thousand respectively;

- Recognized a capital contribution, at its fair value of RMB163,433 thousand, from SRE Investment as a result of its Price Guarantee issued to the bondholders in connection with the Repurchase of CB2; and

- Allocated the consideration given and any transaction costs for the repurchase to the liability and equity components of CB2. The liability components of CB2 (the host debt portion and embedded put option) were derecognised, and the resulting gain of RMB25,025 thousand (i.e., the difference between the consideration of RMB1,507,150 thousand allocated to the liability components and their carrying amounts of RMB1,532,175 thousand) was recognised in the profit or loss, while the amount of consideration of RMB11,623 thousand allocated to the equity component was recognised in equity.

CB3

On 9 September 2009, the Company issued RMB275,994 thousand in aggregate principal amount of two (2) per cent convertible bonds due in 2016 ("CB3"), to Sinopower, a shareholder of the Company. The holder of the bond has the right to convert the entire bond to 754,145,894 shares of the Company at the conversion price of RMB0.3660 per share (translated from SGD0.07872, translated at an exchange rate, which is fixed in the terms and conditions) at any time from the issue date until the maturity date. On the maturity date, the CB3 shall be redeemed at principal amount together with unpaid accrued interest.

Notes to Financial Statements

For the financial year ended 31 December 2009

23. Convertible bonds and derivative financial liabilities (continued)

Group and Company (continued)

CB3 (continued)

Based on the terms of CB3, the equity conversion options embedded in CB3 are equity instruments of the Company. Hence, the convertible bond comprises two components: a financial liability (a straight debt) and an equity instrument (the conversion option, i.e., a call option granting the holder the right to convert CB3 into a fixed number of ordinary shares of the Company). Accordingly, the Company has presented the liability and equity components separately on its statement of financial position from 9 September 2009. The host debt instruments are initially recognised at fair value net of related transaction costs, and are subsequently measured at amortised cost.

The movements of the carrying amounts of host debts in CB3 and CB3 in the years ended 31 December 2009 and 31 December 2008 are as follows:

CB2	**Year ended 31 December 2008**
Carrying amount of host debt at beginning of year	1,101,860
Interest expense recognised using the effective interest rate of 22.94% per annum	167,704
Interest paid	(61,140)
Repurchase	(1,208,424)
Carrying amount of host debt at end of year	–

CB3	**Year ended 31 December 2009**
Carrying amount of host debt on initial recognition upon issuance (fair value upon issuance)	**138,579**
Interest expense recognised using the effective interest rate of 13.49% per annum	**5,536**
Interest paid	**–**
Carrying amount of host debt at end of year	**144,115**
Less: current portion – accrued coupon interest (Note 25)	**(1,709)**
Non-current portion at end of year	**142,406**

Notes to Financial Statements

For the financial year ended 31 December 2009

23. Convertible bonds and derivative financial liabilities (continued)

Group and Company (continued)

CB3 (continued)

The fair value movements for derivatives embedded in CB2 in the year ended 31 December 2008 are as follows:

CB2	Year ended 31 December 2008
At beginning of year	10,900
Increase in fair value	312,851
Repurchase	(323,751)
At end of year	–

The fair values of the convertible bonds and their components are valued by DTZ and Real Actuarial Consulting Limited.

24. Deferred income

Group	Notes	31 December 2009	31 December 2008
Deferred revenue arising from:			
Sale of golf club membership	(i)	562,675	591,165
Construction of ancillary public facilities	(ii)	639,940	271,443
		1,202,615	862,608

Notes:

(i) The revenue arising from the sale of golf club membership is deferred and recognised on the straight-line basis over the expected period when the related benefits would be provided.

(ii) The deferred revenue arising from the sale of land infrastructure represents the portion of amounts received/receivable from the land authorities as a result of the sales of parcels of land developed by the Group that are not yet recognised as revenue, because the developments of the ancillary public facilities attributable to the parcels of land sold are still in progress. The amounts received/receivable are non-refundable unless the Group cannot complete the development work. The deferred income is classified as a current liability as the remaining development work is expected to be provided within the normal operating cycle.

Notes to Financial Statements

For the financial year ended 31 December 2009

25. Trade payables, other payables and accruals

Group	31 December 2009	31 December 2008
Trade payables	1,265,252	1,036,291
Accruals for commission of golf club membership	28,488	29,219
Payroll and welfare	5,158	4,230
Other taxes payable:		
Business tax payable	176,860	101,460
Property tax payable	25,406	19,695
Land use tax payable	10,407	7,616
Other miscellaneous tax	4,743	2,189
Unpaid expenses incurred for the repurchase of CB2	–	22,785
Receipts in excess of the Group's estimated share of land sale proceeds	26,477	25,152
Agency fee payables for promotional services	42,000	–
Obligation to construct a transportation centre	53,222	–
Earnest money of potential Wintron's investment	43,605	–
Payables to constructors on behalf of the Changchun Committee	132,125	–
Other payables	42,631	56,308
Accrued coupon interest of Senior Notes (Note 22)	–	32,026
Accrued coupon interest of CB3 (Note 23)	1,709	–
Accrued interest on bank borrowings	3,603	936
	1,861,686	1,337,907

Terms and conditions of the above liabilities:

- Trade payables are non-interest-bearing and are normally settled within one year.
- Accruals for the commission of golf club membership to agents are settled when the period related golf club membership fees are received.
- Payroll and welfare are normally settled within the next month.
- Interest payable on bank borrowings is normally settled quarterly throughout the financial year.
- Other payables and other tax payables are non-interest-bearing and are normally settled within one year.

Notes to Financial Statements

For the financial year ended 31 December 2009

26. Amounts due from/to related parties

Group	Notes	31 December 2009	31 December 2008
Amounts due from related parties:			
Shenyang Hua Rui Shiji Asset Management Co., Ltd.	(i)	47,000	–
Amounts due from associates		3	1,757
		47,003	1,757
Amounts due to related parties:			
SRE Group Limited	(ii)	11	109,845
Sinopower		–	7,591
Others		1	1
		12	117,437

(i) Balances as at 31 December 2009 represent the loan to Shenyang Hua Rui Shiji Asset Management Co., Ltd., a partially-owned subsidiary owned by SRE Group Limited. The loan was interest free and repayable on demand.

(ii) Balance as at 31 December 2008 represented USD16 million earnest money (equivalent to RMB109.8 million) pursuant to a letter of intent where SRE Group Limited intended to acquire certain properties of the Group at RMB2 billion. The letter of intent would not be binding and the earnest money would be refunded to SRE Group Limited, unless approvals from shareholders of both the Company and SRE Group Limited are obtained by 30 June 2010 and registration with the local land authorities is completed by that date. However, the letter of intent was terminated in 2009 and the earnest money was used to net-off with the proceeds of new ordinary shares from Sinopower.

27. Advances from customers

Group

Advances from customers mainly represented sales proceeds received in advance for its land sales, hotel operations and golf operations during the years ended 31 December 2009 and 31 December 2008. All of the advances from customers are expected to be recognised as revenue when the related services are provided and they are non-refundable unless the Group cannot provide related services.

Notes to Financial Statements

For the financial year ended 31 December 2009

28. Employee benefits

Group	Year ended 31 December 2009	Year ended 31 December 2008
Employee benefits expense (including directors)		
Wages and salaries	49,144	56,355
Social welfare other than pensions	5,568	4,367
Pension – defined contribution plan	2,131	3,225
Staff welfare and bonuses	9,259	6,233
Share-based payments (Management Stock Option Plan)	12,485	16,884
	78,587	87,064

Management Stock Option Plan ("MSOP")

On 5 July 2007, the Board of Directors of the Company passed a resolution to award a total of 380 shares (equivalent to 28,500,000 shares after the share split) to certain of the Company's directors and employees ("Entitled Persons") as an incentive for their continued service to the Company in the following proportions.

	Number of shares allotted	
Entitled Person	Before share split	Equivalent to numbers after share split
Li Yao Min	79	5,925,000
Yue Wai Leung, Stan	79	5,925,000
Yang Yong Gang	68	5,100,000
Gu Bi Ya	40	3,000,000
Cheng Wai Ho	40	3,000,000
Mao Yi Ping	33	2,475,000
Tai Kuo Lin	25	1,875,000
Ma Da Yu	10	750,000
Sun Xiao Meng	3	225,000
Zhang Qiong	3	225,000
Total	380	28,500,000

Notes to Financial Statements

For the financial year ended 31 December 2009

28. Employee benefits (continued)

Management Stock Option Plan ("MSOP") (continued)

In accordance with the terms of the MSOP, the shares are allotted and will vest as follows: (a) 10% at the end of the 12th month after the date of listing of the Company on the Main Board of the SGX; (b) 15% at the end of the 24th month after the date of listing of the Company on the Main Board of the SGX; (c) 20% at the end of the 36th month after the date of listing of the Company on the Main Board of the SGX; (d) 25% at the end of 48th month after the date of listing of the Company on the Main Board of the SGX; and (e) the remaining 30% at the end of the 60th month after the date of listing of the Company on the Main Board of the SGX.

The MSOP is provided on the basis that the relevant Entitled Persons remain in service within the Group on the vesting days and he/she has not submitted a notice of resignation at those dates. The exercise price is RMB8 per share (before share split). The MSOP is accounted for as a compensation for services to be provided by the Entitled Persons in the periods of service (the "vesting periods") as specified above. Since the shares granted do not vest until the Entitled Persons complete their services in the vesting periods, the Company will recognise the expenses over the vesting periods.

Fair value of stock options granted

DTZ was engaged by the Group to assess the fair value of these MSOP, who estimated the weighted average fair value to be RMB151,717 per share (before the share split, see Note 19) at the date of grant.

The fair value of the equity-settled stock options granted is estimated as at the date of grant using the binomial option pricing model, taking into accounts the terms and conditions upon which the options were granted. The following are the major inputs to the model used in the valuation at the grant date:

Assumption:

Estimated share price (before the share split)	RMB151,724
Exercise price (before the share split)	RMB8
Maturity date for exercise	No maturity date
Dividend yield (p.a.)	0.00%
Risk-free interest rate (p.a.)	5.24%
Volatility rate (p.a.)	28.40%

The volatility used in the model was based on the historical volatilities of listed companies who have risk profiles comparable with the risk profile of the Group.

Two of the Entitled Persons who have 13 shares (before the share split) left the Company during the years ended 31 December 2009 and 31 December 2007, so their rights under the MSOP were forfeited according to the terms of MSOP.

There have been no cancellations or modifications to any of the MSOP during 2009 and 2008.

Notes to Financial Statements

For the financial year ended 31 December 2009

28. Employee benefits (continued)

Movement in the year

The following table illustrates the number of and movements in MSOP during the year:

	31 December 2009 Number of shares (after the share split)	31 December 2008 Number of shares (after the share split)
Outstanding at the beginning of the year	27,750,000	27,750,000
Forfeited during the year	(225,000)	–
Exercised during the year	(2,752,500)	–
Outstanding at the end of the year	24,772,500	27,750,000
Exercisable at the end of the year	4,128,750	2,775,000

29. Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

As at 31 December 2009 and 31 December 2008, Sinopower, a wholly-owned subsidiary of SRE Group Limited, holds at 50.07% and 32.03% of the Group's shares, respectively. In September 2009, the Group issued CB3 (see Note 23) to Sinopower. Since the CB3 can be converted at any time into the shares of the Company, and upon such conversion, Sinopower will hold more than 50% of shares of the Company, for accounting purposes, Sinopower became the parent company of the Company since then. The Company was an associate of Sinopower before that.

SRE Investment Holding Limited is the largest shareholder of SRE Group Limited. It holds at 34.64% and 44.84% of the issued share capital of SRE Group Limited as at 31 December 2009 and 31 December 2008 respectively.

Notes to Financial Statements

For the financial year ended 31 December 2009

29. Related party transactions (continued)

(a) In addition to the transactions detailed in Notes 23, 26 and elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	Year ended 31 December 2009	Year ended 31 December 2008
Transactions with parent, fellow subsidiaries the parties significantly influenced by or whose significant voting power resides with, directly or indirectly, some members of key management personnel of the Company:			
Land development revenue	(i)	289,977	221,964
Loan provided to another subsidiary of SRE Group Limited	(ii)	47,000	–
Loan repaid	(iii)	–	350,000
Issuance of new ordinary shares to Sinopower	(iv)	244,252	–
Issuance of CB3 to Sinopower	23	275,994	–
Capital contribution from Sinopower in connection with the Company's Repurchase of CB2	23	–	163,433

Notes:

(i) The revenue in 2009 was from the development of land infrastructure as a result of the purchase of land use rights by Shanghai Oasis Garden Real Estate Co., Ltd., a subsidiary of SRE Group Limited (2008: Shenyang Lukang Real Estate Limited Company, a subsidiary of SRE Group Limited). RMB258,685 thousand was recognised for the year ended 31 December 2009 (2008: RMB89,544 thousand) and RMB31,292 thousand was deferred as income arising from construction of ancillary public facilities as at 31 December 2009 (2008: RMB132,420 thousand).

(ii) During the year ended 31 December 2009, the Group provided an interest-free loan to a related party (see Note 26(i)).

(iii) During the year ended 31 December 2007, Shanghai Luodian Assets Management and Investment Co., Ltd., a 27.37% shareholder of SGLD, provided an unsecured loan of RMB350 million to the Group. The loan bore interest at 7% per annum and the term of the loan was for a period of six months. The loan was repaid on 26 March 2008.

(iv) During the year ended 31 December 2009, the Company has issued to Sinopower with 680 million new ordinary shares and 222,295,064 shares upon the repurchase of Senior Notes.

Notes to Financial Statements

For the financial year ended 31 December 2009

29. Related party transactions (continued)

(b) Compensation of key management personnel of the Group:

	Year ended 31 December 2009	Year ended 31 December 2008
Wages and salaries	14,223	15,796
Share-based payments (MSOP)	12,485	16,884
Social security costs	197	274
Pension – defined contribution plan	330	591
Staff welfare and bonuses	2,127	360
	29,362	33,905

30. Commitments

At the end of each reporting period, the Group had commitments as follows:

Group

	31 December 2009	31 December 2008
Commitments in respect of land infrastructure under development for sale:		
Contracted but not provided for	2,216,317	2,626,055
Authorised but not contracted for	5,312,403	6,061,496
Investment properties under construction:		
Contracted but not provided for	101,179	–
Authorised but not contracted for	169,066	157,405
Property, plant and equipment and leasehold land:		
Contracted but not provided for	270,017	348,296
Authorised but not contracted for	2,531,860	3,230,256
Total	10,600,842	12,423,508

Notes to Financial Statements

For the financial year ended 31 December 2009

30. Commitments (continued)

The Group had significant commitments as of 31 December 2009 and 31 December 2008 as it had entered into three township development projects in Shanghai, Wuxi and Shenyang and such commitments are quantified based on contracts, feasibility studies and detailed plans for the respective projects.

As of 31 December 2009, among the commitments that are contracted but not provided for, RMB1,810 million are with no specified due date for payments (2008: RMB2,009 million).

31. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank borrowings, Senior Notes, CB3 and trade and other payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, cash and short-term deposits, which arose directly from its operations. The main risks faced by the Group are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes except for the embedded derivatives in CB2, which were repurchased in 2008 (see Note 23). The board reviews and agrees policies for managing each of the risks which are summarised below:

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to its interest-bearing bank borrowings. The Group does not use derivative financial instruments to manage its interest rate risk. The interest rates and terms of repayments of the borrowings are disclosed in Note 21.

The following table demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit/loss before tax (mainly the impact on floating rate borrowings). Group's equity is not affected, other than the consequential effect on the accumulated losses (a component of the Group's equity) of the changes in the profit/loss before tax as disclosed below.

	Year ended 31 December 2009	**Year ended 31 December 2008**
Increase/(decrease) in interest rate (basis points)	100/(100)	100/(100)
(Decrease)/increase on profit before tax	(21,670)/21,670	(15,822)/15,822

Notes to Financial Statements

For the financial year ended 31 December 2009

31. Financial risk management objectives and policies (continued)

Foreign currency risk

All the Group's operating entities operate in Mainland China with most of the transactions denominated in Renminbi. The Group is exposed to foreign exchange risk arising from golf membership fees received in United States dollars. In addition, the Group has raised significant amounts of funds in United States dollars via the issuance of convertible bonds. The Group has not hedged its foreign exchange rate risk as it expects that the bank deposits raised would be utilised for projects and converted to RMB in the near future.

The RMB is not a freely convertible currency, the conversion of the RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

The following table demonstrates the sensitivity to reasonably possible changes in the USD or HKD exchange rate, with all other variables held constant, of the Group's profit/loss before tax (due to changes in the carrying amount of monetary assets and liabilities). Group's equity is not affected, other than the consequential effect on the accumulated losses (a component of the Group's equity) of the changes in the profit/loss before tax as disclosed below.

	Year ended 31 December 2009	Year ended 31 December 2008
Increase/(decrease) in USD exchange rate	10%/(10%)	10%/(10%)
Increase/(decrease) on profit before tax	900/(900)	4,737/(4,737)
Increase/(decrease) in HKD exchange rate	10%/(10%)	10%/(10%)
(Decrease)/increase on profit before tax	(3,690)/3,690	120/(120)

Credit risk

Credit risk arises from cash and bank balances, trade receivables, other receivables and amounts due from related parties, the balances of which represent the maximum credit risk exposure of the Group. As at 31 December 2009 and 31 December 2008, a large portion of the trade receivables were from the revenue derived from the development of land infrastructure and therefore there is concentration risk. Management considers that the credit risk is considered low as land infrastructure is sold through public auction, tender or listing procedures to qualified land buyers, whose qualifications are verified by relevant government authorities and buyers have paid a portion of proceeds as performance bonds to be the government authorities.

Purchasers of golf club membership are generally granted with monthly instalment payment terms ranging from 12 to 24 months. Pursuant to the related sale agreement, the Group can cancel a buyer's membership if the instalment payment is overdue for more than three months. Buyers are generally wealthy individual purchasers and the Group has no net exposure as the deferred income from sale of golf club membership is larger than related receivables. Hence, no adverse impact on the profit/loss before tax if the buyers' membership were cancelled due to the non-payments.

Notes to Financial Statements

For the financial year ended 31 December 2009

31. Financial risk management objectives and policies (continued)

Liquidity risk

The Group policy is to maintain sufficient cash and cash equivalents or have available funding through the use of bank loans, debentures and other borrowings to meet its commitments over the foreseeable future in accordance with its strategic plan.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended 31 December 2009

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Contractual due date not specified	Total
Interest-bearing loans	–	30,773	398,837	1,443,047	883,608	–	2,756,265
Senior Notes	92,076	–	–	–	–	–	92,076
CB3	–	2,760	2,760	22,080	287,034	–	314,634
Trade payables	781,614	–	–	–	–	483,638	1,265,252
Other liabilities	373,718	–	–	–	–	–	373,718
	1,247,408	33,533	401,597	1,465,127	1,170,642	483,638	4,801,945

Year ended 31 December 2008

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Contractual due date not specified	Total
Interest-bearing loans	–	16,373	1,165,426	–	–	–	1,181,799
Convertible Bonds	–	52,655	52,655	803,922	–	–	909,232
Trade payables	673,698	–	–	–	–	362,593	1,036,291
Other liabilities	255,131	–	–	–	–	–	255,131
	928,829	69,028	1,218,081	803,922	–	362,593	3,382,453

Notes to Financial Statements

For the financial year ended 31 December 2009

31. Financial risk management objectives and policies (continued)

Fair values

Except as indicated below, the fair values of the Group's financial instruments are not materially different from their carrying amounts. Fair value estimates are made at a specific point in time and are based on relevant market information and appropriate valuation models.

	Carrying amount		Fair value	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Senior Notes	84,363	550,835	92,076	550,964
CB3 – host debt	144,115	–	143,720	–

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue bonds, convertible bonds or new shares.

As the Group is engaged in the development of land infrastructure, it needs substantial amount of funds. The Group manages capital by closely monitoring its gearing ratio (which is defined by management as net debt divided by capital plus net debt).

Notes to Financial Statements

For the financial year ended 31 December 2009

31. Financial risk management objectives and policies (continued)

Capital management (continued)

The Group's gearing ratio (as defined by management for capital management purposes) is calculated below:

	31 December 2009	31 December 2008
Interest-bearing loans and borrowings	2,157,000	1,137,000
Senior Notes	84,363	550,835
CB3	142,406	–
Trade and other payables	1,861,686	1,337,907
Less: Cash and bank balances	(1,509,371)	(184,253)
Net debt	2,736,084	2,841,489
Capital:		
Equity attributable to equity holders of the Company	2,372,926	1,716,934
Capital and net debt	5,109,010	4,558,423
Gearing ratio	53.55%	62.33%

Collateral

RMB7,758 thousand (equivalent to USD1,135 thousand) (2008: RMB46,134 thousand, equivalent to USD6,750 thousand) of the Group's restricted bank deposits (see Note 18) has been escrowed in an interest reserve bank account as the first instalment payment of the Senior Notes. RMB36 million of restricted bank deposits are also escrowed into banks for the RMB600 million of bank borrowings as at 31 December 2009 (see Notes 18). Besides, the Group has also pledged its certain properties, completed investment properties and prepaid land lease payments in order to fulfil the collateral requirements for the interest-bearing bank borrowings (see Note 21) as at 31 December 2009 and 2008.

The Group did not hold collateral of any sort as at 31 December 2009 and 2008.

Notes to Financial Statements

For the financial year ended 31 December 2009

32. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 7 April 2010.

Analysis of Shareholdings

As at 16 March 2010

Issued and Fully Paid-up Capital	:	RMB2,497,385,135
Total number of issued shares excluding treasury shares	:	3,084,891,032
Total number of treasury shares	:	55,768,000 (1.81%)
Class of shares	:	Ordinary shares of no par value
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 16 MARCH 2010

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	4	0.05	1,004	–
1,000 – 10,000	4,298	49.07	17,740,430	0.58
10,001 – 1,000,000	4,399	50.22	361,960,687	11.73
1,000,001 AND ABOVE	58	0.66	2,705,188,911	87.69
	8,759	100.00	3,084,891,032	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 16 MARCH 2010

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	SINOPOWER INVESTMENT LIMITED	1,544,696,064	50.07
2	RAFFLES NOMINEES (PTE) LTD	609,537,896	19.76
3	CITIBANK NOMINEES SINGAPORE PTE LTD	175,773,451	5.70
4	PRIMEMODERN LIMITED	125,887,500	4.08
5	OCBC SECURITIES PRIVATE LTD	23,344,000	0.76
6	DBS NOMINEES PTE LTD	21,319,000	0.69
7	UOB KAY HIAN PTE LTD	19,812,000	0.64
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	18,671,000	0.61
9	LIM & TAN SECURITIES PTE LTD	15,692,000	0.51
10	GRAND WEALTH RESOURCES LIMITED	15,000,000	0.49
11	KIM ENG SECURITIES PTE. LTD.	13,161,000	0.43
12	PHILLIP SECURITIES PTE LTD	11,816,000	0.38
13	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	9,045,000	0.29
14	XU SHENG	7,040,000	0.23
15	WONG CHIN KION	7,000,000	0.23
16	JOSEPH LIM ENG HOCK	6,500,000	0.21
17	SHAN LIHUA	5,444,000	0.18
18	CHONG SHIN LEONG	5,000,000	0.16
19	UNITED OVERSEAS BANK NOMINEES PTE LTD	4,269,000	0.14
20	PETER TAY KWONG LAIN	3,500,000	0.11
	TOTAL:	**2,642,507,911**	**85.67**

Note:

%: Based on 3,084,891,032 shares (excluding shares held as treasury shares) as at 16 March 2010

* Treasury Shares as at 16 March 2010 – 55,768,000 shares

Analysis of Shareholdings

As at 16 March 2010

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 16 March 2010.

	No. of Ordinary shares			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
Sinopower Investment Limited	1,544,696,064	50.07		
SRE Group Limited	–	–	1,544,696,064(1)	50.07
SRE Investment Holding Limited	–	–	1,544,696,064(2)	50.07
Shi Jian	–	–	1,544,696,064(3)	50.07
OZ Master Fund, Ltd. }	–	–	521,897,037(4)	16.92
OZ Asia Master Fund, Ltd. }				
OZ Management, L.P. }				
Och-Ziff Holding Corporation }				
Och-Ziff Capital Management Group, LLC }				
Daniel Saul Och }				
Forum Asian Realty Income II L.P. }	–	–	154,607,451(5)	5.01
Forum Asian Realty Income II GP Limited }				
Forum Partners Investment Management, L.L.C. }				
Russell C. Platt }				

Notes:

(1) SRE Group Limited ("SRE Group") is deemed interested by virtue of the fact that Sinopower Investment Limited ("Sinopower") is a wholly-owned subsidiary of SRE Group.

(2) SRE Investment Holding Limited ("SRE Investment") is deemed interested by virtue of the fact that it is a controlling shareholder of SRE Group, which in turn deemed interested in Sinopower's entire shareholding in the Company.

(3) Mr Shi Jian is deemed interested in Sinopower's entire shareholding in the Company by virtue of the fact that he is a controlling shareholder of SRE Group through SRE Investment.

(4) OZ Master Fund, Ltd. ("**Fund A**"), OZ Asia Master Fund, Ltd. ("**Fund B**") and OZ Global Special Investments Master Fund, Ltd. ("**Fund C**" and, collectively with Fund A and Fund B, "**Funds**") hold an aggregate of 235,238,245 shares, 227,357,070 shares and 59,301,722 shares representing 7.63%, 7.37% and 1.92% respectively of the issued share capital of the Company. In total, therefore, the Funds hold 521,897,037 shares, representing 16.92% of the issued share capital of the Company.

As each of Fund A and Fund B holds 5% or more of the issued share capital of the Company, both are substantial shareholders of the Company.

OZ Management, L.P. ("**OZM**") manages the investments of the Funds on a discretionary basis. By virtue of this, OZM has a deemed interest in, and is a substantial shareholder of the Company in respect of, all the 521,897,037 shares held by the Funds, representing 16.92% of the issued share capital of the Company.

Och-Ziff Holding Corporation ("**OZH**") is the sole general partner of, and is authorised to manage and represent OZM. By virtue of this, OZH, through OZM, has a deemed interest in, and is a substantial shareholder of the Company in respect of, all the 521,897,037 shares held by the Funds, representing 16.92% of the issued share capital of the Company.

Och-Ziff Capital Management Group, LLC ("**OZCM**") is the sole shareholder in OZH. By virtue of this, OZCM, through OZH and in turn OZM, has a deemed interest in, and is a substantial shareholder of the Company in respect of, all the 521,897,037 shares held by the Funds, representing 16.92% of the issued share capital of the Company.

Analysis of Shareholdings

As at 16 March 2010

Daniel Saul Och ("**DSO**") holds not less than 20% of the voting rights in OZCM. By virtue of this, DSO, through OZCM and in turn OZH and OZM, has a deemed interest in, and is a substantial shareholder of the Company in respect of, all the 521,897,037 shares held by the Funds, representing 16.92% of the issued share capital of the Company.

Raffles Nominees (Pte) Ltd is the registered holder for the 521,897,037 shares.

(5) Forum Asian Realty Income II L.P. ("**FARI II LP**") holds a total of 154,607,451 shares representing 5.01% of the issued share capital of the Company. FARI II LP therefore, holds more than 5% of the total number of issued shares in the Company and is a substantial shareholder of the Company.

Forum Asian Realty Income II GP Limited ("**FARI II GP**") is the general partner of, and is authorized to manage and represent FARI II LP. By virtue of this, FARI II GP has a deemed interest in, and is a substantial shareholder of the Company in respect of all the 154,607,451 shares held by FARI II LP, representing 5.01% of the issued share capital of the Company.

Forum Partners Investment Management, L.L.C. ("**FPIM**") holds all the issued shares in FARI II GP. By virtue of this, FPIM, through FARI II GP, has a deemed interest in, and is a substantial shareholder of the Company in respect of all the 154,607,451 shares held by FARI II LP, representing 5.01% of the issued share capital of the Company.

Russell C. Platt ("**RCP**") holds not less than 20% of the issued share capital in FPIM. By virtue of this, RCP, through FPIM and in turn FARI II GP, has a deemed interest in, and is a substantial shareholder of the Company in respect of all the 154,607,451 shares held by FARI II LP, representing 5.01% of the issued share capital of the Company.

Citibank Nominees Singapore Pte. Ltd. is the registered holder for the 154,607,451 shares.

FREE FLOAT

As at 16 March 2010, approximately 27.76% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) of the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Pan Pacific Singapore, Ocean 11, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Friday, 30 April 2010 at 9:15 a.m. for the following purposes:

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2009 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of SGD0.278 cents per ordinary share for the financial year ended 31 December 2009. **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Article 86(1) of the Articles of Association of the Company:

   (a) Mr Mao Yi Ping **(Resolution 3)**
   (b) Mr Shi Jian **(Resolution 4)**
   (c) Mr Li Yao Min **(Resolution 5)**

4. To re-elect the following Directors retiring pursuant to Article 85(7) of the Articles of Association of the Company:

   (a) Mr Yang Yong Gang **(Resolution 6)**
   (b) Ms Gu Bi Ya **(Resolution 7)**

5. To approve payment of Director's fee of S$21,700 for the financial year ended 31 December 2009. **[See Explanatory Note (i)]** **(Resolution 8)**

6. To approve payment of Directors' fees of S$344,600 for the financial year ending 31 December 2010 and the payment thereof on a quarterly basis. **(Resolution 9)**

7. To re-appoint Messrs Ernst & Young as Auditors of the Company to hold office until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **(Resolution 10)**

8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Special Business

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. Authority to allot and issue shares in the capital of the Company ("**Shares**")

   "That authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue Shares whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Shares,

Notice of Annual General Meeting

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

(b) (notwithstanding the authority conferred by this Resolution 11 may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution 11 was in force,

provided that:

(A) (1) the aggregate number of Shares to be issued pursuant to this Resolution 11 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 11) (the "**Share Issues**") shall not, save and except as set out in sub-paragraph (A)(2) below, exceed 50% of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 11) shall not exceed 20% of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (B) below);

(2) (until 31 December 2010 or such later date as may be determined by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), but in any event subject to sub-paragraph (D) below) the aggregate number of Shares to be issued pursuant to this Resolution 11 by way of a renounceable rights issue on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 11) (the "**Renounceable Rights Issues**") shall not exceed 100% of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (B) below); and

(3) the number of Shares to be issued pursuant to the Share Issues and the Renounceable Rights Issues shall not, in aggregate, exceed 100% of the total number of the issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (B) below);

(B) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (A) above, the percentage of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution 11 is passed, after adjusting for:

(1) any new Shares arising from the conversion or exercise of any convertible securities or Share options or vesting of Share awards which are outstanding or subsisting at the time this Resolution 11 is passed; and

(2) any subsequent bonus issue, consolidation or sub-division of Shares;

(C) in exercising the authority conferred by this Resolution 11, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the

Notice of Annual General Meeting

SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements and the Articles of Association for the time being of the Company; and

(D) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 11 shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **[See Explanatory Note (ii)]** **(Resolution 11)**

10. Authority to issue Shares other than on a *pro rata* basis at a discount exceeding 10% but not more than 20% of the weighted average price of the Shares

"That without prejudice to the generality of, and pursuant and subject to the approval of the general mandate to issue Shares set out in Resolution 11, authority be and is hereby given to the Directors of the Company to issue Shares other than on a *pro rata* basis to shareholders of the Company, at a discount to the weighted average price of the Shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day), exceeding 10% but not more than 20%, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit,

provided that:

(a) in exercising the authority conferred by this Resolution 12, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements and the Articles of Association for the time being of the Company; and

(b) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 12 shall continue in force until 31 December 2010 or such later date as may be determined by the SGX-ST but in any event not later than the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **[See Explanatory Note (iii)]** **(Resolution 12)**

11. Authority to grant options and issue Shares under the CNTD Share Option Scheme

"That the Directors be and are hereby authorised to offer and grant options in accordance with the provisions of the CNTD Share Option Scheme (the "**Scheme**") and to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the exercise of the options under the Scheme provided always that the aggregate number of Shares to be allotted and issued pursuant to the Scheme, the CNTD Performance Share Plan and the CNTD Management Grant shall not exceed 10% of the total number of issued Shares (excluding treasury shares) from time to time." **[See Explanatory Note (iv)]** **(Resolution 13)**

12. Authority to grant awards and issue Shares under the CNTD Performance Share Plan

"That the Directors be and are hereby authorised to offer and grant awards in accordance with the provisions of the CNTD Performance Share Plan (the "**Plan**") and to allot and issue from time to time such number of fully-

Notice of Annual General Meeting

paid Shares as may be required to be allotted and issued pursuant to the vesting of awards under the Plan provided always that the aggregate number of Shares to be issued pursuant to the Plan, the Scheme and the CNTD Management Grant shall not exceed 10% of the total number of issued Shares (excluding treasury shares) from time to time." **[See Explanatory Note (v)]** (**Resolution 14)**

13. Authority to grant awards and issue Shares under the CNTD Management Grant

"That the Directors be and are hereby authorised to allot and issue from time to time such number of fully-paid Shares as may be required to be allotted and issued pursuant to the vesting of awards under the CNTD Management Grant (the "**Grant**") provided always that the aggregate number of Shares to be allotted and issued pursuant to the Plan, the Scheme and the Grant shall not exceed 10% of the total number of issued Shares (excluding treasury shares) from time to time." **[See Explanatory Note (vi)]** **(Resolution 15)**

By Order of the Board

Low Siew Tian
Company Secretary

Singapore, 14 April 2010

Explanatory Notes:

(i) Ordinary Resolution 8 is to approve the payment of Director's fee of S$21,700 to Mr Yue Wai Leung, Stan for the financial year ended 31 December 2009. Mr Yue Wai Leung, Stan has been re-designated from Executive Director to Non-Independent Non-Executive Director of the Company with effect from 3 June 2009.

(ii) Ordinary Resolution 11 is to empower the Directors, from the date of the passing of Ordinary Resolution 11 to the date of the next Annual General Meeting, to issue Shares and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the total number of issued Shares (excluding treasury shares), with a sub-limit of 20% of the total number of issued Shares (excluding treasury shares) for issues other than on a pro rata basis to shareholders. The foregoing is subject to the exception that where the Company undertakes a renounceable *pro rata* rights issue of Shares (including Shares to be issued pursuant to such instruments), the maximum number of such Shares that can be issued is 100% of the total number of issued Shares (excluding treasury shares), provided that the total number of Shares which may be issued pursuant to the Share Issues and the Renounceable Rights Issues shall not exceed 100% of total number of issued Shares (excluding treasury shares). For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time that Ordinary Resolution 11 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 11 is passed, and (b) any subsequent bonus issue, consolidation or sub-division of Shares. In exercising the authority conferred by Ordinary Resolution 11, the Company shall comply with the requirements of the SGX-ST (unless waived by the SGX-ST), all applicable legal requirements and the Articles of Association of the Company. On 19 February 2009, the SGX-ST released a press release of new measures effective on 20 February 2009 (the "**Press Release**"). The new measures include allowing issuers to issue up to 100% of its issued share capital via a renounceable *pro rata* rights issue, subject to the condition that the issuer makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in its annual report. The Press Release states that this new measure will be in effect until 31 December 2010 and the effectiveness of the new measure will be reviewed by the SGX-ST at the end of the period.

Notice of Annual General Meeting

(iii) Ordinary Resolution 12 is to empower the Directors, pursuant to the general mandate to issue Shares set out in Ordinary Resolution 11, to issue Shares other than on a *pro rata* basis to shareholders of the Company, at a discount to the weighted average price of the Shares on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day), exceeding 10% but not more than 20%. In exercising the authority conferred by Ordinary Resolution 12, the Company shall comply with the requirements of the SGX-ST (unless waived by the SGX-ST), all applicable legal requirements and the Articles of Association of the Company. Rule 811(1) of the SGX-ST Listing Manual presently provides that an issue of shares must not be priced at more than 10% discount to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day). The Press Release also included a new measure allowing issuers to undertake placements of new shares using the general mandate to issue shares, priced at discounts of up to 20%, subject to the conditions that the issuer seeks shareholders' approval in a separate resolution at a general meeting to issue new shares on a non *pro rata* basis at a discount exceeding 10% but not more than 20%, and the general share issue mandate resolution is not conditional on this resolution. Ordinary Resolution 12 has been included following this new measure. The Press Release states that this new measure will also be in effect until 31 December 2010 when it will be reviewed by the SGX-ST at the end of the period.

(iv) Ordinary Resolution 13 is to empower the Directors to offer and grant options and to allot and issue new Shares pursuant to the Scheme provided that the aggregate number of new Shares to be allotted and issued pursuant to the Scheme, the Plan and the Grant shall not exceed 10% of the total number of issued Shares (excluding treasury shares) from time to time.

(v) Ordinary Resolution 14 is to empower the Directors to offer and grant awards and to allot and issue new Shares pursuant to the Plan provided that the aggregate number of new Shares to be allotted and issued pursuant to the Plan, the Scheme and the Grant shall not exceed 10% of the total number of issued Shares (excluding treasury shares) from time to time.

(vi) Ordinary Resolution 15 is to empower the Directors to allot and issue new Shares pursuant to the Grant provided that the aggregate number of new Shares to be allotted and issued pursuant to the Plan, the Scheme and the Grant shall not exceed 10% of the total number of issued Shares (excluding treasury shares) from time to time.

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. If a Depositor wishes to appoint a proxy or proxies, then the Depositor Proxy Form must be completed, signed and deposited at the office of the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services, at 8 Cross Street, #11-00, PWC Building, Singapore 048424, not less than 48 hours before the time appointed for holding the Annual General Meeting.

3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

NEW TOWN

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