COUNTRY GARDEN 碧桂園

COUNTRY GARDEN HOLDINGS COMPANY LIMITED
碧 桂 園 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2007)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2013

HIGHLIGHTS

- Total revenue for the year ended 31 December 2013 amounted to approximately RMB62.68 billion, representing an increase of approximately 49.6% compared with the year 2012; recognized GFA reached approximately 9.24 million sq. m., representing an increase of approximately 50.0% compared with the year 2012.

- Profit attributable to owners of the Company amounted to approximately RMB8.51 billion, representing an increase of approximately 24.2% compared with the year 2012.

- Country Garden Danga Bay in Malaysia, as the Group's first overseas venture, achieved enormous success.

- Successfully issued senior notes twice with aggregate amount of US$1,500 million during the year.

- Earnings per share amounted to approximately RMB46.65 cents, increased by approximately 22.6% compared with the year 2012.

- Proposed final dividend per share is RMB16.83 cents (in the form of cash and/or shares at the choice of shareholders), increased by approximately 21.4% compared with the year 2012.

The board of directors (the "Board") of Country Garden Holdings Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013.

BUSINESS REVIEW AND OUTLOOK

The Group's total revenue reached approximately RMB62,681.9 million, representing a year-on-year increase of approximately 49.6%. Profit attributable to owners of the Company rose to approximately RMB8,514.1 million, posting a year-on-year increase of approximately 24.2%. The Board recommends the payment of final dividend of RMB16.83 cents per share for the year ended 31 December 2013.

During the year under review, Country Garden, as always, in accordance with national policies, actively responded to the market changes and made timely adjustments to its development and sales plan, offered high value-for-money products to suit the user-oriented demand. Facing the ever-changing market environment, while the Group continued to further enhance the environmental features, ancillary facilities of its projects and its product quality, it also adopted various active and flexible sales strategies and marketing activities which promoted sales and also benefited the Group's long-term sustainable development. For the year of 2013, the Group successfully entered the "Hundred Billion Club" with contracted sales of approximately RMB106 billion, and contracted gross floor area ("GFA") of approximately 15.93 million sq. m., representing year-on-year growth of approximately 123% and 109% respectively. In 2013, the Company launched a total of 37 new projects, of which the majority of the new projects were outside Guangdong Province (of which only 7 in Guangdong Province).

While the Group continued to achieve healthy growth in Guangdong Province, its core market, the recognition of Country Garden's brand name has been continuously rising outside Guangdong. We have become a leading brand in many of our operations outside Guangdong, which not only diversifies the Group's geographical coverage of business, but also sets a solid foundation for the long-term development of the Group. The ratio of the contracted sales from the projects outside Guangdong Province (including overseas) to that of the Group has increased from approximately 24% in 2008 to approximately 56% in 2013, which verifies that the Group's successful business model in Guangdong Province is replicable in places outside Guangdong Province.

With the steady development in China, Country Garden made its first venture overseas last year and has reaped enormous success. Country Garden Danga Bay, located in Johor Bahru of Malaysia and also closely accessible to Singapore, being our firstly launched overseas project, has received overwhelming response from buyers from Malaysia, Singapore and China. It has achieved contracted sales of approximately RMB7 billion equivalent in 2013 and was the highest contracted sales contributor for the Group during the year. The success of Country Garden Danga Bay has given the Group precious experience and further enhanced its confidence in further overseas business expansion. The Group's first project outside Asia, namely Country Garden Ryde Garden, located in the suburban of Sydney, Australia, is planned to be launched soon, and the Group is confident that it can also achieve excellent sales performance there. The Group is confident that its overseas business can generate very satisfactory return.

As of 31 December 2013, the Group had 171 projects under different stages of development, including 75 in Guangdong. Attributable GFA with land use right certificates, development and operation rights or land title was approximately 72.27 million sq. m. (approximately 38% in Guangdong), among which attributable GFA with construction permits was around 30.18 million sq. m..

Alongside the continuing expansion in property development and sales, the Group's hotel business broadened its recurring income stream from non-residential developments, diversifying the Group's property income portfolio. As of 31 December 2013, the Group operated 37 five-star hotels or five-star standard hotels, as well as 2 four-star hotels, with a total of 11,387 guest rooms. Most of the Group's hotels are located within the Group's property projects. The development of five-star standard hotels within these property projects assists in sales promotion and enhances the ancillary value of the projects.

In the aspect of internal management, the Group further consolidated and continued to fine-tune its organization structure, management processes and the result-oriented performance appraisal system, meanwhile maintained a close monitoring of the various pre-determined performance indicators imposed on its projects. With a more precise process management, the project execution efficiency and product quality have been greatly enhanced. In addition, the Group has introduced a result-oriented project incentive scheme (including granting cash awards and share options), in order to make it more incentivized and to allow our staff (including executive directors) to better share and enjoy the achievement with the Group together.

In addition, the Company has appointed five executive directors during the year. Of which, Mr. Zhu Rongbin, the Associate President, had 19 years of rich experience in property development and related business, and is a national registered supervisor engineer, a national registered cost engineer and a senior engineer. He was director, assistant general manager and general manager (eastern China region) of China Overseas Property Group Company Limited, and vice president and general manager (southern China region) of Guangzhou R&F Properties Co., Ltd.. The other four executive directors, Mr. Xie Shutai, Mr. Song Jun, Mr. Liang Guokun, and Mr. Su Baiyuan, are long-servicing outstanding senior management promoted internally who have made enormous contribution to the Group during their services. Mr. Zhang Yaoyuan has resigned as an executive director of the Company due to his reaching of the retirement age. On behalf of the Group, I would like to express our sincere gratitude to Mr. Zhang for his valuable contributions to the Group over the years. The Group has a strong and effective leadership possessing with expertise in various aspects of property development and corporate governance, which is beneficial for its long-term and sustainable development and healthy growth.

With regards to financial management, on top of its strong bank financing capabilities with major commercial banks, the Group successfully took advantage of the good market opportunities and issued US$750 million senior notes with 10-year tenor and 7.5% coupon rate in January 2013. This issuance has a longer tenor than the Company's previous issuances but at a much lower coupon rate. Subsequently in October 2013, the Group further issued US$750 million senior notes with 7.5-year tenor and 7.25% coupon rate, and continued to record oversubscription. In addition, Moody's has upgraded our issuer's credit rating from Ba3 to Ba2, and Standard & Poor's also upgraded the ratings outlook of our BB issuer's credit rating from Stable to Positive during the year. The Group's operation model and financial strength have been further recognized by the investment community.

Looking forward, Country Garden will continue to adhere with national development strategies and the macroeconomic environment to select and develop property projects. Together with our fast track development, strong project execution capabilities, continuously enhanced product quality as well as gardening facilities, property management services with attention to details, we are committed to offering high value-for-money property products and living experience, achieving another year of sales success both in China and overseas, creating value for the society and generating satisfactory returns for our shareholders.

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**15,828,290**	11,613,913
Investment property		**112,340**	118,329
Intangible assets		**43,477**	22,632
Land use rights		**1,865,068**	1,390,218
Properties under development	*3*	**40,080,095**	25,700,500
Investment in an associate	*4*	**56,791**	114,351
Deferred income tax assets		**1,800,022**	1,449,327
Available-for-sale financial assets	*5*	**206,329**	—
Other non-current assets	*6*	**33,333**	201,722
		60,025,745	40,610,992
Current assets			
Properties under development	*3*	**67,473,799**	39,155,431
Completed properties held for sale		**18,919,822**	18,497,241
Inventories		**572,863**	347,514
Trade and other receivables	*7*	**26,378,400**	17,123,921
Prepaid taxes		**6,189,210**	3,927,083
Restricted cash		**7,769,870**	5,050,935
Cash and cash equivalents		**18,909,719**	11,809,031
		146,213,683	95,911,156
Total assets		**206,239,428**	136,522,148
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital and premium	*8*	**20,169,019**	19,368,755
Other reserves		**2,194,083**	1,901,964
Retained earnings			
— proposed final dividend		**3,105,759**	2,527,303
— others		**18,484,759**	13,779,127
		43,953,620	37,577,149
Non-controlling interests		**2,057,547**	1,307,259
Total equity		**46,011,167**	38,884,408

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
Liabilities			
Non-current liabilities			
Senior notes	*10*	**20,711,542**	14,213,224
Bank and other borrowings		**23,103,006**	13,603,287
Deferred government grants		**239,520**	189,520
Deferred income tax liabilities		**1,269,910**	924,381
		45,323,978	28,930,412
Current liabilities			
Advanced proceeds received from customers		**63,417,952**	33,353,645
Trade and other payables	*12*	**30,914,620**	19,030,298
Income taxes payable		**8,137,481**	7,227,236
Senior notes	*10*	**2,348,003**	—
Convertible bond	*11*	**—**	943,866
Bank and other borrowings		**10,086,227**	8,152,283
		114,904,283	68,707,328
Total liabilities		**160,228,261**	97,637,740
Total equity and liabilities		**206,239,428**	136,522,148
Net current assets		**31,309,400**	27,203,828
Total assets less current liabilities		**91,335,145**	67,814,820

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000
Revenue	*13*	**62,681,875**	41,890,984
Cost of sales	*15*	**(43,713,256)**	(26,551,479)
Gross profit		**18,968,619**	15,339,505
Other gains — net	*14*	**64,334**	103,293
Selling and marketing costs	*15*	**(4,303,823)**	(2,186,059)
Administrative expenses	*15*	**(2,033,277)**	(1,568,279)
Operating profit		**12,695,853**	11,688,460
Finance income		**803,249**	153,277
Finance costs		**—**	(279,720)
Finance income/(costs) — net	*16*	**803,249**	(126,443)
Share of results of an associate and a joint venture	*4, 6*	**(25,949)**	(93,689)
Fair value changes on derivative financial instruments		**—**	73,585
Profit before income tax		**13,473,153**	11,541,913
Income tax expenses	*17*	**(4,625,173)**	(4,657,351)
Profit for the year		**8,847,980**	6,884,562
Other comprehensive income			
Items that may be reclassified to profit or loss:			
— Change in value of available-for-sale financial assets		**6,329**	—
— Currency translation differences		**(78,927)**	(6,028)
Other comprehensive loss for the year, net of tax		**(72,598)**	(6,028)
Total comprehensive income for the year		**8,775,382**	6,878,534

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000
Profit attributable to:			
— Owners of the Company		**8,514,104**	6,852,651
— Non-controlling interests		**333,876**	31,911
		8,847,980	6,884,562
Total comprehensive income attributable to:			
— Owners of the Company		**8,476,627**	6,849,323
— Non-controlling interests		**298,755**	29,211
		8,775,382	6,878,534
Earnings per share attributable to owners of the Company (expressed in RMB cents per share)			
Basic	*19*	**46.65**	38.06
Diluted	*19*	**46.61**	37.96

	Note	**2013** ***RMB'000***	2012 *RMB'000*
Dividends	*18*	**3,105,759**	2,527,303

1 GENERAL INFORMATION

Country Garden Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 10 November 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands. The Company is engaged in investment holding and its subsidiaries (collectively the "Group") are principally engaged in the property development, construction, fitting and decoration, property management and hotel operation.

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 12 March 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative financial instruments.

2.1.1 Changes in accounting policy and disclosures

(i) New and revised standards and amendments to existing standards that are mandatory for the first time for the financial year beginning 1 January 2013 and are relevant to the Group

- Amendment to HKAS 1, 'Financial statements presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. This amendment did not have a material impact on the Group's consolidated financial statements.

- HKFRS 10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This new standard did not have a material impact on the Group's consolidated financial statements.

- HKAS 27 (revised 2011) 'Separate financial statements' includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10. This revised standard did not have a material impact on the Group's consolidated financial statements.

- HKFRS 11 'Joint arrangements' is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. Before 1 January 2013, the Group's interest in its jointly controlled entity was accounted for using the equity method. Under HKFRS 11, the jointly controlled entity has been assessed to be a joint venture and is still accounted for using the equity method. This new standard did not have a material impact on the Group's consolidated financial statements.

- HKAS 28 (revised 2011) 'Associates and joint ventures' includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11. This revised standard did not have a material impact on the Group's consolidated financial statements.

- HKFRS 12 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This new standard did not have a material impact on the Group's consolidated financial statements.

- Amendments to HKFRSs 10, 11 and 12 on transition guidance. These amendments provide additional transition relief to HKFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied. These amendments did not have a material impact on the Group's consolidated financial statements.

- HKFRS 13 'Fair value measurements' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. This new standard did not have a material impact on the Group's consolidated financial statements.

- Amendment to HKFRS 7, 'Financial instruments: Disclosures' on asset and liability offsetting'. The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. This amendment did not have a material impact on the Group's consolidated financial statements.

- Annual improvements 2011, address six issues in the 2009–2011 reporting cycle. It includes changes to: HKFRS 1, 'First time adoption', HKAS 1, 'Financial statement presentation', HKAS 16, 'Property plant and equipment', HKAS 32, 'Financial instruments: Presentation', IAS/HKAS 34, 'Interim financial reporting' These amendments did not have a material impact on the Group's consolidated financial statements.

- Annual improvement 2012: amendment to HKFRS 13, 'Fair value measurement. This amendment is a clarification that there is no change in measurement requirements for short-term receivables and payable when the effect of not discounting is immaterial. This amendment did not have a material impact on the Group's consolidated financial statements.

(ii) New and revised standards and amendments to existing standards that have been issued and are relevant to the Group, but are not effective for the financial year beginning 1 January 2013 and have not been early adopted

- Amendment to HKAS 32 'Financial instruments: Presentation' on asset and liability offsetting. These amendments are to the application guidance in HKAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. This amendment will be effective for annual periods beginning on or after 1 January 2014 and the Group is yet to assess the impact of this amendment on the Group's consolidated financial statements.

- Amendments to HKFRS 10, HKFRS12 and HKAS 27, 'Consolidation for investment entities'. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made HKFRS 12 to introduce disclosures that an investment entity needs to make. These amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10. The Group is yet to assess the impact of these amendments on the Group's consolidated financial statements.

- Amendment to HKAS 36, 'Impairment of assets' on recoverable amount disclosures. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The above amendment will be effective for annual periods beginning on or after 1 January 2014 and the Group is yet to assess the impact of this amendment on the Group's consolidated financial statements.

- Annual improvements 2012, which include changes from the 2010–2012 cycle of the annual improvements project, that affect the following standards: HKFRS2, 'Share-based payment', HKFRS3, 'Business combinations' and consequential amendments to HKFRS9, 'Financial instruments', HKAS37, 'Provisions, contingent liabilities and contingent assets', and HKAS39, 'Financial instruments — Recognition and measurement', HKFRS8, 'Operating segments', HKAS16, 'Property, plant and equipment', HKAS38, 'Intangible assets' and HKAS 24, 'Related Party Disclosures'. The above amendments will be effective for annual periods beginning on or after 1 July 2014 and the Group is yet to assess the impact of these amendments on the Group's consolidated financial statements.

- Annual improvements 2013, which include changes from the 2011–2013 cycle of the annual improvements project that affect the following standards: HKFRS3, 'Business combinations', HKFRS13, 'Fair value measurement' and HKAS40, 'Investment property'. The above amendments will be effective for annual periods beginning on or after 1 July 2014 and the Group is yet to assess the impact of these amendments on the Group's consolidated financial statements.

- HKFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. The effective date of the above new standard is left open pending the finalisation of the impairment and classification and measurement requirements. The Group is yet to assess the impact of this new standard on the Group's consolidated financial statements.

3 PROPERTIES UNDER DEVELOPMENT

	2013	2012
	RMB'000	*RMB'000*
Properties under development expected to be completed:		
— Within the normal operating cycle included under current assets	**67,473,799**	39,155,431
— Beyond normal operating cycle included under non-current assets	**40,080,095**	25,700,500
	107,553,894	64,855,931
Amounts comprise:		
— Construction costs	**58,166,423**	33,564,122
— Land use rights	**45,256,897**	28,598,537
— Interest capitalised	**4,130,574**	2,693,272
	107,553,894	64,855,931

Properties under development within the normal operating cycle included under current assets did not include properties to be completed and available for sale more than twelve months after the balance sheet date.

The capitalisation rate used to determine the amount of interest incurred eligible for capitalisation in 2013 was 8.54% (2012: 9.56%). Most of the properties under development of the Group are located in the PRC and some in Malaysia.

As at 31 December 2013, land use rights included in properties under development with net book value of RMB11,494,935,000 (2012: RMB18,857,070,000) were pledged as collateral for the Group's borrowings.

4 INVESTMENT IN AN ASSOCIATE

	2013	2012
	RMB'000	*RMB'000*
At 1 January	**114,351**	204,762
Share of loss	**(57,560)**	(90,411)
At 31 December	**56,791**	114,351

The Group's share of the results of its associate, which is unlisted, is as follows:

Name	**Country of incorporation**	**Principal activities**	**Loss and total comprehensive loss**		**% interest held 2013 and 2012**
			2013	2012	
			RMB'000	*RMB'000*	
Guangzhou Li He Property Development Company Limited ("Li He")	PRC	Property Development	(57,560)	(90,411)	20%

The land of the property development project of Li He consists of three phases. According to the previously agreed payment schedule of land premium, the third phase land premium of RMB10,200,000,000 should be settled in December 2011. As at 30 June 2013, land premium totaling RMB7,700,000,000 remained unsettled. In October 2013, Li He entered into a supplemental agreement with the relevant government authorities on the payment schedule of the above RMB7,700,000,000 of outstanding land premium. According to the payment schedule stated in the supplemental agreement, RMB4,500,000,000 of land premium was settled in 2013, while the remaining land premium will need to be settled by November 2014. Based on the fact that Li He has agreed the payment schedule with the relevant government authorities on the outstanding land premium and the communication with the relevant government authorities, the directors of the Company consider that the delay in payment of land premium does not render significant adverse impact on the operation results and financial position of the Group as at 31 December 2013.

As at 31 December 2013, there were no significant contingent liabilities relating to the Group's interest in Li He except for the contingent liability arising from the guarantee that the Group provided to Li He for its borrowings.

5 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2013	2012
	RMB'000	*RMB'000*
Unlisted equity investment at fair value:		
At 1 January	—	—
Transferred from other non-current assets *(note 6)*	**200,000**	—
Fair value change	**6,329**	—
At 31 December	**206,329**	—

The Group's available-for-sale financial assets represent a 3.95% equity interest in an unlisted investment fund company which was established in March 2013 in the PRC. The available-for-sale financial assets are denominated in RMB.

6 OTHER NON-CURRENT ASSETS

	2013	2012
	RMB'000	*RMB'000*
Prepayment for an investment *(note (a))*	—	200,000
Investment in a joint venture *(note (b))*	**33,333**	1,722
At 31 December	**33,333**	201,722

Notes:

(a) In November 2012, the Group entered into an investment agreement with certain PRC companies to establish an investment fund company. Pursuant to the investment agreement, the Group made an investment of RMB200,000,000 which was recorded in other non-current assets at 31 December 2012. In March 2013, the investment fund company was established and the above investment was transferred to available-for-sale financial assets (note 5).

(b) Investment in a joint venture is analysed as follows:

	2013	2012
	RMB'000	*RMB'000*
At 1 January	**1,722**	—
Capital injection	—	**5,000**
Share of profit/(loss)	**31,611**	**(3,278)**
At 31 December	**33,333**	**1,722**

At 31 December 2013, the Group held 50% equity interest in Zhongshan Yahong Property Development Company Limited ("Zhongshan Yahong"), which is established in the PRC and its principle activity is property development.

The Group's share of the results of its joint venture, which is unlisted, is as follows:

Name	Country of incorporation	Principal activities	Profit/(loss) and total comprehensive income/(loss)		% interest held 2013 and 2012
			2013	2012	
			RMB'000	*RMB'000*	
Zhongshan Yahong	PRC	Property Development	31,611	(3,278)	50%

As at 31 December 2013, there were no significant contingent liabilities and commitments relating to the Group's interest in Zhongshan Yahong except for the contingent liability arising from the guarantee that the Group provided to Zhongshan Yahong for its borrowings.

7 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Trade receivables *(note (a))*	**6,274,434**	2,968,240
Land auction deposits	**2,310,096**	1,360,698
Other receivables *(note (b))*	**3,760,664**	2,920,761
Amounts due from customers for contract work *(note(c))*	**891,484**	657,131
Prepayments for land use rights *(note(d))*	**7,570,306**	5,212,879
Amounts due from an associate	**2,039,745**	1,139,745
Amounts due from a joint venture	**304,612**	254,560
Other prepayments *(note(e))*	**3,227,059**	2,609,907
	26,378,400	17,123,921

(a) Trade receivables mainly arise from sales of properties. Property buyers are generally granted credit terms of 1 to 6 months. The ageing analysis of trade receivables based on revenue recognition date is as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Within 90 days	**5,283,477**	2,486,415
Over 90 days and within 180 days	**398,542**	188,987
Over 180 days and within 365 days	**338,579**	184,038
Over 365 days	**253,836**	108,800
	6,274,434	2,968,240

Trade receivables are analysed as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Fully performing under credit terms	**6,081,471**	2,776,224
Past due but not impaired	**192,963**	192,016
	6,274,434	2,968,240

Past due but not impaired receivables mainly represent receivables from sales of properties. The directors consider that these receivables would be recovered and no provision was therefore made against past due receivables as at 31 December 2013 (2012: nil). The ageing analysis of these trade receivables is as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Over 90 days and within 180 days	**80,813**	162,990
Over 180 days and within 365 days	**84,512**	14,358
Over 365 days	**27,638**	14,668
	192,963	192,016

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

(b) Other receivables mainly represent advances made to outsourced construction and design vendors, which are interest-free, unsecured and repayable on demand.

(c) Amounts due from customers for contract work at the balance sheet date are as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Cost incurred	**4,916,387**	4,184,249
Recognised profits (less recognised losses)	**2,090,478**	1,955,745
	7,006,865	6,139,994
Less: progress billings	**(6,115,381)**	(5,482,863)
	891,484	657,131
Represented by:		
Amounts due from customers	**891,484**	657,131
Including: Related parties	**700,197**	447,124
Third parties	**191,287**	210,007

(d) Prepayments for land use rights are related to acquisition of land use rights upon successfully bidding at the land auctions conducted by the PRC government. The relevant land use right certificates have not been obtained at 31 December 2013.

(e) Other prepayments mainly represent prepayments for purchases of construction materials and services.

8 SHARE CAPITAL AND PREMIUM

	Note	**Number of ordinary shares**	**Nominal value of ordinary shares** *HKD'000*	**Equivalent nominal value of ordinary shares** *RMB'000*	**Share premium** *RMB'000*	**Treasury shares** *RMB'000*	**Total** *RMB'000*
Authorised							
At 1 January 2012, 31 December 2012 and 2013		100,000,000,000	10,000,000	9,905,008			
Issued and fully paid							
At 1 January 2012		16,699,138,043	1,669,914	1,647,530	14,114,902	(380,236)	15,382,196
Issue of shares as a result of placing	*(a)*	677,191,602	67,719	54,895	1,679,694	—	1,734,589
Issue of shares as a result of the scrip dividend scheme	*(b)*	853,330,509	85,333	69,206	2,182,764	—	2,251,970
At 31 December 2012 and 1 January 2013		18,229,660,154	1,822,966	1,771,631	17,977,360	(380,236)	19,368,755
Issue of shares as a result of the scrip dividend scheme	*(c)*	227,874,023	22,787	18,106	782,158	—	800,264
At 31 December 2013		18,457,534,177	1,845,753	1,789,737	18,759,518	(380,236)	20,169,019

Notes:

(a) On 29 February 2012, the Company entered into a placing and subscription agreement with Concrete Win Limited ("Concrete Win"), the holding company of the Company, and certain placing agents (the "Agreement"). Pursuant to the Agreement, the Company conditionally agreed to issue to Concrete Win, and Concrete Win conditionally agreed to subscribe for 677,191,602 new shares of the Company at a price of HKD3.23 per share. On 8 March 2012, 677,191,602 new shares were issued and allotted at a price of HKD3.23 per share. These new shares were entitled to the scrip dividend as described in note (b) below.

(b) On 18 May 2012, a scrip dividend scheme was issued whereby the 2011 final dividend was satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to the shareholders to elect to receive such dividend in cash in lieu of such allotment. On 15 June 2012, 853,330,509 new shares were issued as of result of the above scrip dividend scheme and the placing of new shares (see note (a) above) at a price of HKD3.254 per share representing the average of the closing prices of the Company's ordinary shares for the five consecutive trading days up to and including 4 May 2012.

(c) On 27 May 2013, a script dividend scheme was issued whereby shareholders may elect to receive cash dividend of RMB13.86 cents per share or an allotment of such number of new shares credited as fully paid and having an aggregate market value equal to, save for adjustment for fractions, the total amount of 2012 final dividend which such shareholder could receive in cash (the "Maximum Entitlement") or partly new shares not exceeding the Maximum Entitlement and the remainder in cash. On 18 June 2013, 227,874,023 new shares were issued as a result of the above scrip dividend scheme at a price of HKD4.42 per share representing the average of the closing prices of the Company's ordinary shares for the five consecutive trading days up to and including 16 May 2013.

9 SHARE OPTION SCHEME

On 30 November 2012, the Group granted 3,000,000 share options with an exercise price of HKD3.7 per share to certain independent non-excutive directors. The options were vested immediately after the grant date and have a contractual option term of 10 years. The Group has no legal or contractual obligation to repurchase or settle the options in cash.

On 13 December 2013, the Group granted 6,173,457 share options with an exercise price of HKD4.844 per share to certain directors and employees in connection with a profit sharing incentive scheme (the "Incentive Scheme") adopted by the Group during the year. Pursuant to the Incentive Scheme, certain portion of the bonus calculated in accordance with the Incentive Scheme is settled in cash, while the remaining portion is settled in the Company's share options as the consideration for the costs to exercise the share options. The share options were exercisable commencing from 13 December 2018 to 12 December 2023 (both days inclusive). The vesting period of the above share options is 5 years. The fair value of the above share options at the grant date approximated the portion of bonus which is to be settled in the Company's share options.

Movements in the number of share options are as follows:

	2013 Number of Options	2012 Number of Options
At 1 January	**3,000,000**	—
Granted	**6,173,457**	3,000,000
At 31 December	**9,173,457**	3,000,000

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date	**Exercise price in HKD per share**	**Number of share options**
29 November 2022	**3.700**	3,000,000
12 December 2023	**4.844**	6,173,457

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the shares options (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2013, the Expected Retention Rate was assessed to be 100% (2012: 100%).

10 SENIOR NOTES

The Group has issued the following senior notes:

(i) On 10 September 2009, the Company issued senior notes in an aggregate principal amount of USD300,000,000. On 23 September 2009, the Company made an additional issue of senior notes in an aggregated principal amount of USD75,000,000 (collectively the "2014 Notes"). The 2014 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2014 Notes carry interest at the rate of 11.75% per annum, payable semi-annually on 10 March and 10 September in arrears, and will mature on 10 September 2014, unless redeemed earlier. The 2014 Notes is therefore classified as a current liability as at 31 December 2013.

(ii) On 22 April 2010, the Company issued senior notes in an aggregate principal amount of USD550,000,000 (the "2017 Notes"). The 2017 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2017 Notes carry interest at the rate of 11.25% per annum, payable semi-annually on 22 April and 22 October in arrears, and will mature on 22 April 2017, unless redeemed earlier.

(iii) On 11 August 2010, the Company issued senior notes in an aggregate principal amount of USD400,000,000 (the "2015 Notes"). The 2015 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2015 Notes carry interest at the rate of 10.50% per annum, payable semi-annually on 11 August and 11 February in arrears, and will mature on 11 August 2015, unless redeemed earlier.

(iv) On 23 February 2011, the Company issued senior notes in an aggregate principal amount of USD900,000,000 (the "2018 Notes"). The 2018 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2018 Notes carry interest at the rate of 11.125% per annum, payable semi-annually on 23 February and 23 August in arrears, and will mature on 23 February 2018, unless redeemed earlier.

(v) On 10 January 2013, the Company issued senior notes in an aggregate principal amount of USD750,000,000 (the "2023 Notes"). The 2023 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2023 Notes carry interest at the rate of 7.5% per annum, payable semi-annually on 10 January and 10 July in arrears, and will mature on 10 January 2023, unless redeemed earlier.

(vi) On 4 October 2013, the Company issued senior notes in an aggregate principal amount of USD750,000,000 (the "2021 Notes"). The 2021 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2021 Notes carry interest at the rate of 7.25% per annum, payable semi-annually on 4 October and 4 April in arrears, and will mature on 4 April 2021, unless redeemed earlier.

The Company has options to redeem the above senior notes in whole or in part prior to their maturity at the redemption price as defined in the indenture agreements of these senior notes.

All senior notes contain a liability component and the early redemption options:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 12.11%, 11.81%, 11.23%, 11.69%, 7.72% and 7.64% per annum to the liability component of the 2014 Notes, 2017 Notes, 2015 Notes, 2018 Notes, 2023 Notes and 2021 Notes respectively.

(ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options was insignificant on initial recognition and at 31 December 2013 and 2012.

The senior notes recognised in the balance sheet were calculated as follows:

	2013	2012
	RMB'000	*RMB'000*
Included in non-current liabilities:		
As at 1 January	**14,213,224**	14,204,447
Additions	**9,136,339**	—
Exchange gain	**(593,909)**	(31,276)
Interest expenses *(note 16)*	**2,015,289**	1,606,744
Coupon paid	**(1,711,398)**	(1,566,691)
	23,059,545	14,213,224
Less: current portion	**(2,348,003)**	—
As at 31 December	**20,711,542**	14,213,224
Included in current liabilities:		
Current portion	**2,348,003**	—
As at 31 December	**2,348,003**	—

11 CONVERTIBLE BOND

In 2008, the Company issued a RMB denominated USD settled 2.5% convertible bond (the "Bond") due 2013, of an initial principal amount of USD600 million (equivalent to approximately RMB4,314 million). The Bond was listed on the Singapore Exchange Securities Trading Limited. At the option of bond holders, the aggregate amount of RMB4,314 million would be convertible into fully paid shares with a par value of HKD0.1 each of the Company.

The Bond matured in five years (February 2013) from the issue date at 121.306% of the nominal value or could be converted into ordinary shares of the Company on or after 3 April 2009 at contracted price (the initial conversion price is HKD9.05 per share) at a fixed exchange rate of RMB0.922 to HKD1.

As of 31 December 2012, the Company had redeemed and repurchased the principal of the Bond totaling approximately USD449 million.

In February 2013, the Bond matured and was redeemed in whole at an aggregate amount of USD152,405,000 (equivalent to approximately RMB957,163,000), including principal amount of USD150,850,000 and interest amount of USD1,555,000. The carrying amount of the conversion option reserve was transferred to retained earnings as a result of the redemption upon maturity.

The Bond recognised in the balance sheet was calculated as follows:

	2013	2012
	RMB'000	*RMB'000*
Liability component as at 1 January	**943,866**	884,128
Interest expenses *(note 16)*	**13,297**	79,264
Principal and coupon paid	**(957,163)**	(19,526)
Liability component as at 31 December	**—**	943,866

Interest expenses on the liability component of the Bond were calculated using the effective interest method, applying the effective interest rate of 9.24% per annum to the liability component.

12 TRADE AND OTHER PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade payables *(note)*	**18,045,410**	11,653,984
Other payables — third parties	**9,153,619**	4,215,960
Other taxes payable	**1,663,780**	1,175,651
Salaries payable	**1,534,448**	1,155,116
Accrued expenses	**517,363**	829,587
	30,914,620	19,030,298

Note:

The ageing analysis of trade payables was as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 90 days	**16,696,591**	10,965,229
Over 90 days and within 180 days	**745,092**	332,990
Over 180 days and within 365 days	**309,170**	231,832
Over 365 days	**294,557**	123,933
	18,045,410	11,653,984

13 SEGMENT INFORMATION

The executive directors of the Company (the "ED") reviews the Group's internal reporting in order to assess performance and allocate resources. The ED has determined the operating segments based on these reports.

The ED considers the business from product perspective. From a product perspective, ED assesses the performance of:

- Property development;
- Construction, fitting and decoration;
- Property management; and
- Hotel operation.

The ED assesses the performance of the operating segments based on a measure of operating profit.

Segment assets consist primarily of property, plant and equipment, intangible assets, land use rights, investment property, properties under development, completed properties held for sale, inventories, receivables and operating cash. They exclude deferred income tax assets and available-for-sale financial assets. Segment liabilities consist primarily of operating liabilities. They exclude bank and other borrowings, convertible bond, senior notes, deferred income tax liabilities and income taxes payable.

Capital expenditure comprises additions to property, plant and equipment, investment property, intangible assets and land use rights.

Revenue consists of the following:

	2013	2012
	RMB'000	*RMB'000*
Sales of properties	**60,043,348**	40,011,972
Rendering of construction, fitting and decoration services	**866,871**	314,278
Rendering of property management services	**777,129**	592,311
Rendering of hotel services	**994,527**	972,423
	62,681,875	41,890,984

Sales between segments are carried out according to the terms and conditions agreed by the respective segments' management.

The Group's entire revenue is attributable to the market in Mainland China and over 90% of the Group's non-current assets are located in Mainland China. No geographical information is therefore presented.

The Group has a large number of customers; none of whom contributed 5% or more of the Group's revenue.

The segment information provided to the ED for the reportable segments for the year ended 31 December 2013 is as follows:

	Property development *RMB'000*	**Construction, fitting and decoration** *RMB'000*	**Property management** *RMB'000*	**Hotel operation** *RMB'000*	**Total Group** *RMB'000*
Segment revenue	**60,043,348**	**14,144,254**	**777,129**	**1,129,982**	**76,094,713**
Inter-segment revenue	**—**	**(13,277,383)**	**—**	**(135,455)**	**(13,412,838)**
Revenue (from external customers)	**60,043,348**	**866,871**	**777,129**	**994,527**	**62,681,875**
Depreciation and amortisation	**263,425**	**19,062**	**7,884**	**300,398**	**590,769**
Operating profit/(loss)	**12,571,925**	**203,911**	**18,166**	**(98,149)**	**12,695,853**
At 31 December 2013					
Total segment assets	**184,926,936**	**5,834,901**	**1,243,197**	**12,228,043**	**204,233,077**
Capital expenditure	**1,927,732**	**195,278**	**22,659**	**3,174,540**	**5,320,209**
Total segment liabilities	**88,453,509**	**4,589,530**	**985,474**	**543,579**	**94,572,092**

The segment information provided to the ED for the reportable segments for the year ended 31 December 2012 is as follows:

	Property development *RMB'000*	Construction, fitting and decoration *RMB'000*	Property management *RMB'000*	Hotel operation *RMB'000*	Total Group *RMB'000*
Segment revenue	40,011,972	9,041,654	592,377	1,113,316	50,759,319
Inter-segment revenue	—	(8,727,376)	(66)	(140,893)	(8,868,335)
Revenue (from external customers)	40,011,972	314,278	592,311	972,423	41,890,984
Depreciation and amortisation	145,735	12,852	6,491	261,793	426,871
Operating profit/(loss)	11,667,897	30,070	47,834	(57,341)	11,688,460
At 31 December 2012					
Total segment assets	120,741,925	4,153,938	1,112,228	9,064,730	135,072,821
Capital expenditure	779,571	6,258	12,481	3,156,125	3,954,435
Total segment liabilities	47,653,801	3,508,785	790,201	620,676	52,573,463

Segment assets of the property development segment include the amounts of investments in an associate and a joint venture accounted for using the equality method of RMB90,124,000 (2012: RMB116,073,000).

Reportable operating profits are reconciled to net profit as follows:

	2013 *RMB'000*	2012 *RMB'000*
Total operating profit	**12,695,853**	11,688,460
Finance income/(costs) — net	**803,249**	(126,443)
Share of results of an associate and a joint venture	**(25,949)**	(93,689)
Fair value changes on derivative financial instruments	**—**	73,585
Profit before income tax	**13,473,153**	11,541,913
Income tax expenses	**(4,625,173)**	(4,657,351)
Profit for the year	**8,847,980**	6,884,562

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

	2013	2012
	RMB'000	*RMB'000*
Total segment assets	**204,233,077**	135,072,821
Deferred income tax assets	**1,800,022**	1,449,327
Available-for-sale financial assets	**206,329**	—
Total assets per consolidated balance sheet	**206,239,428**	136,522,148
Total segment liabilities	**94,572,092**	52,573,463
Deferred income tax liabilities	**1,269,910**	924,381
Income taxes payable	**8,137,481**	7,227,236
Senior notes	**23,059,545**	14,213,224
Convertible bond	**—**	943,866
Bank and other borrowings	**33,189,233**	21,755,570
Total liabilities per consolidated balance sheet	**160,228,261**	97,637,740

14 OTHER GAINS — NET

	2013	2012
	RMB'000	*RMB'000*
Rental income	**42,854**	29,710
Forfeiture of deposits received from customers	**15,324**	26,838
Refund of land usage tax	**3,914**	25,050
(Loss)/gain on disposal of property, plant and equipment	**(539)**	1,352
Others	**2,781**	20,343
	64,334	103,293

15 EXPENSES BY NATURE

	2013	2012
	RMB'000	*RMB'000*
Auditor's remuneration	**6,900**	6,500
Advertising costs	**1,915,429**	1,273,470
Amortisation of intangible assets	**16,931**	6,054
Business taxes and other levies *(note)*	**4,004,793**	2,656,101
Costs of completed properties sold	**38,994,824**	23,412,588
Donations	**125,966**	80,868
Depreciation	**446,457**	357,164
Employee benefit expenses	**3,243,706**	1,798,835
Land use rights amortisation	**56,918**	38,170
Surveillance charges	**35,388**	19,355
Rental expenses	**132,325**	49,659
Others	**1,070,719**	607,053
Total cost of sales, selling and marketing costs and administrative expenses	**50,050,356**	30,305,817

Note:

Business tax

The PRC subsidiaries of the Group are subject to business taxes on their revenues at the following rates:

Category	**Rate**
Sale of properties	5%
Property construction, fitting and decoration	3%
Property management	5%
Hotel service	5%

16 FINANCE INCOME/(COSTS) — NET

	2013	2012
	RMB'000	*RMB'000*
Finance income:		
— Interest income on short-term bank deposits	**290,708**	132,382
— Net foreign exchange gain on financing activities	**512,541**	20,895
	803,249	153,277
Interest expenses:		
— Senior notes wholly repayable within 5 years	**(1,590,347)**	(967,292)
— Senior notes wholly repayable after 5 years	**(424,942)**	(639,452)
— The Bond wholly repayable within 5 years (note 11)	**(13,297)**	(79,264)
— Bank and other borrowings wholly repayable within 5 years	**(2,005,232)**	(1,363,009)
— Bank and other borrowings wholly repayable after 5 years	**(85,655)**	(48,065)
	(4,119,473)	(3,097,082)
Less: capitalised on qualifying assets	**4,119,473**	2,817,362
Finance costs	**—**	(279,720)
Finance income/(costs) — net	**803,249**	(126,443)

17 INCOME TAX EXPENSES

	2013	2012
	RMB'000	*RMB'000*
Current income tax		
— PRC corporate income tax	**3,089,030**	2,406,924
— Hong Kong profits tax *(note (a))*	—	—
— Land appreciation tax *(note (b))*	**1,634,798**	2,261,239
	4,723,828	4,668,163
Deferred income tax		
— PRC corporate income tax	**(119,868)**	87,822
— Withholding income tax on profit to be distributed in future *(note (c))*	**21,213**	(98,634)
	(98,655)	(10,812)
	4,625,173	4,657,351

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

	2013	2012
	RMB'000	*RMB'000*
Profit before income tax	**13,473,153**	11,541,913
Tax calculated at PRC corporate income tax rate of 25% (2012: 25%)	**3,368,288**	2,885,478
Land appreciation tax deductible for calculation of income tax purpose	**(408,700)**	(565,310)
Utilisation of tax losses not recognised as deferred income tax assets	**(8,750)**	—
Tax losses not recognised as deferred income tax assets	—	540
Income not subject to tax	**(138,789)**	(24,466)
Expenses not deductible for tax	**157,113**	198,504
	2,969,162	2,494,746
Withholding income tax on profit to be distributed in future *(note (c))*	**21,213**	(98,634)
Land appreciation tax	**1,634,798**	2,261,239
Income tax expenses	**4,625,173**	4,657,351

Notes:

(a) No Hong Kong profits tax was provided for the year as the Group did not have any assessable profit in Hong Kong (2012: nil).

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

(c) According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding income tax rate will be reduced from 10% to 5%.

Withholding income tax is provided on the dividends to be distributed by the PRC subsidiaries of the Group. The relevant group companies have successfully obtained endorsement from various PRC tax bureaus to enjoy the treaty benefit of 5% corporate income tax rate on dividends received from the PRC subsidiaries of the Group. Accordingly, withholding income tax has been provided at 5% of the dividends to be distributed by the PRC subsidiaries of the Group.

18 DIVIDENDS

	2013	2012
	RMB'000	*RMB'000*
Proposed final dividend of RMB16.83 cents per share (2012: RMB13.86 cents) *(note)*	**3,105,759**	2,527,303

Note:

The 2012 final dividend was satisfied in the form of shares or cash dividend as a result of the scrip dividend scheme. As a result of the above scrip dividend scheme, 227,874,023 new shares were issued at a price of HKD4.42 per share in June 2013 totaling RMB800,264,000, and dividend totaling RMB1,709,847,000 (RMB13.86 cents per ordinary share) was paid in cash in June 2013. The directors recommend the payment of a 2013 final dividend of RMB16.83 cents per share, totaling RMB3,105,759,000. Such dividend is to be approved by the shareholders at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

19 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares (note 8).

	2013	2012
Profit attributable to owners of the Company *(RMB'000)*	**8,514,104**	6,852,651
Weighted average number of ordinary shares in issue *(thousands)*	**18,252,660**	18,006,527
Earnings per share — Basic *(RMB cents per share)*	**46.65**	38.06

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bond and share options. The Bond is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses charged to profit or loss. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2013	2012
Profit attributable to owners of the Company *(RMB'000)*	**8,514,104**	6,852,651
Interest expense on the Bond *(RMB'000)*	**—**	18,639
Profit used to determine diluted earnings per share *(RMB'000)*	**8,514,104**	6,871,290
Weighted average number of ordinary shares in issue *(thousands)*	**18,252,660**	18,006,527
Adjustments — conversion of the Bond *(thousands)*	**13,591**	93,599
Adjustments — share options *(thousands)*	**581**	—
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**18,266,832**	18,100,126
Diluted *(RMB cents per share)*	**46.61**	37.96

20 COMMITMENTS

(a) Commitments for capital and property development expenditures

	2013	2012
	RMB'000	*RMB'000*
Contracted but not provided for:		
— Property, plant and equipment	**9,131**	12,425
— Property development expenditure (including land premium)	**49,047,432**	25,471,728
	49,056,563	25,484,153

(b) Operating lease commitments

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

	2013	2012
	RMB'000	*RMB'000*
Not later than one year	**22,640**	7,648
Later than one year and not later than five years	**20,046**	14,702
Later than five years	**21,516**	21,154
	64,202	43,504

(c) Operating lease rentals receivable

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of buildings are as follows:

	2013	2012
	RMB'000	*RMB'000*
Not later than one year	**70,907**	53,794
Later than one year and not later than five years	**290,463**	213,210
Later than five years	**52,456**	43,972
	413,826	310,976

Financial Review

Revenue

Revenue of the Group was primarily comprised of the proceeds from the sales of properties and provision of services after the elimination of transactions among subsidiaries of the Company. Revenue was primarily generated from its four business segments: property development, construction, fitting and decoration, property management and hotel operation. Revenue increased by 49.6% to approximately RMB62,681.9 million in 2013 from approximately RMB41,891.0 million in 2012, primarily attributable to the increase in sales of properties. Revenues generated from property development, construction, fitting and decoration, property management and hotel operation are approximately RMB60,043.3 million, RMB866.9 million, RMB777.1 million and RMB994.5 million, respectively.

Property development

Revenue generated from property development increased by 50.1% to RMB60,043.3 million in 2013 from RMB40,012.0 million in 2012; primarily attributable to a 50.0% increase in total gross floor area ("GFA") recognized to 9,239,765 sq. m. in 2013 from 6,158,231 sq. m. in 2012. The recognized average selling price of property is approximately RMB6,498 per sq. m. in 2013, compared to approximately RMB6,497 per sq. m. in 2012.

Construction, fitting and decoration

Revenue generated from construction, fitting and decoration increased by 175.8% to RMB866.9 million in 2013 from RMB314.3 million in 2012, primarily due to an increase in the volume of construction, fitting and decoration services rendered to third parties of the Group.

Property management

Revenue generated from property management increased by 31.2% to RMB777.1 million in 2013 from RMB592.3 million in 2012, primarily due to an increase in the cumulative GFA under management resulting from construction completion and delivery of our properties in line with the expansion of our operations.

Hotel operation

Revenue generated from hotel operation increased by 2.3% to RMB994.5 million in 2013 from RMB972.4 million in 2012, primarily due to increased revenues from existing hotels and the opening of new hotels.

Cost of sales

Cost of sales of the Group represented primarily the costs incurred directly by the property development activities which included construction, decoration and design costs, land use rights cost and business taxes.

Cost of sales of the Group increased by 64.6% to RMB43,713.3 million in 2013 from RMB26,551.5 million in 2012. The increase in cost of sales was in line with the increase in revenue.

Gross profit

Gross profit (before land appreciation tax provision) of the Group increased by 23.7% to RMB18,968.6 million in 2013 from RMB15,339.5 million in 2012. The gross profit margin in 2013 decreased to 30.3% from 36.6% in 2012, primarily attributable to the increase of property development costs while the recognized average selling price remained stable.

Other gains — net

Other gains — net of the Group decreased by 37.8% to RMB64.3 million in 2013 from RMB103.3 million in 2012, primarily due to a decrease of refund of land usage tax to RMB3.9 million in 2013 from RMB25.1 million in 2012 and a decrease of forfeiture of deposits received from customers to RMB15.3 million in 2013 form RMB26.8 million in 2012.

Selling and marketing costs

Selling and marketing costs of the Group increased by 96.9% to RMB4,303.8 million in 2013 from RMB2,186.1 million in 2012. The increase was primarily attributable to an increase in advertising costs from RMB1,273.5 million in 2012 to RMB1,915.4 million in 2013, as well as an increase in commissions we offered to our sales staff during the year.

Administrative expenses

Administrative expenses of the Group increased by 29.6% to RMB2,033.3 million in 2013 from RMB1,568.3 million in 2012, primarily due to an increase of employee benefit expenses to RMB708.9 million in 2013 from RMB515.1 million in 2012 as we increased salaries and bonuses for employees during the year.

Finance costs — net

The Group recorded finance income — net of approximately RMB803.2 million in 2013, compared to finance cost — net of approximately RMB126.4 million in 2012, primarily due to the increase in interest capitalized and net foreign exchange gain as a result of the appreciation of the RMB exchange rate. Total interest expenses increased to approximately RMB4,119.5 million from approximately RMB3,097.1 million in 2012 due to the increase of senior notes and bank and other borrowings; while on the other hand, total capitalized interest expenses increased to approximately RMB4,119.5 million from approximately RMB2,817.4 million in 2012. The Group recorded the net exchange gain of approximately RMB512.5 million in 2013, compared to the net exchange gain of approximately RMB20.9 million in 2012.

Profit attributable to owner of the Company

Profit attributable to owners of the Company in 2013 increased by 24.2% to RMB8,514.1 million from RMB6,852.7 million in 2012. The net profit margin decreased to 13.6% in 2013 from 16.4% in 2012.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

The Group's cash and bank deposits (including the restricted cash) amounted to approximately RMB26,679.6 million as at 31 December 2013 (31 December 2012: approximately RMB16,860.0 million). As at 31 December 2013, 92.2% and 7.8% of the Group's cash and bank deposits were denominated in Renminbi and other currencies (mainly US dollars, HK dollars and Malaysian Ringgit), respectively.

As at 31 December 2013, the carrying amount of the restricted cash was approximately RMB7,769.9 million (31 December 2012: approximately RMB5,050.9 million). Pursuant to relevant regulations, certain of the project companies were required to deposit a portion of proceeds from pre-sales of properties into designated bank accounts. Before the completion of the pre-sold properties, the proceeds deposited in the escrow accounts could only be used for the restricted purposes of purchasing construction materials, equipments, making interim construction payment and paying tax, with the prior approval of the relevant local authorities.

Net current assets and current ratio

The Group had net current assets of approximately RMB31,309.4 million as at 31 December 2013 (31 December 2012: approximately RMB27,203.8 million). The current ratio being current assets over current liabilities was approximately 1.3 as at 31 December 2013, which increased from 1.4 as at 31 December 2012.

Debt and charges on group assets

The Group had an aggregated debt as at 31 December 2013 of approximately RMB56,248.8 million, including bank and other borrowings of approximately RMB33,189.2 million, and senior notes of approximately RMB23,059.6 million.

For bank and other borrowings, approximately RMB10,086.2 million will be repayable within 1 year, approximately RMB22,432.7 million will be repayable between 2 and 5 years and the remaining approximately RMB670.3 million to be repayable beyond 5 years. As at 31 December 2013, the substantial part of the bank and other borrowings are secured by land use rights and properties of the Group and guaranteed by the Company and certain of its subsidiaries.

Gearing ratio

The gearing ratio is measured by the net debt (total debt net of disposable cash and cash equivalents, which equal to the sum of cash and cash equivalents and the guarantee deposits for construction of pre-sale properties) over the equity attributable to owners of the Company. As at 31 December 2013, the gearing ratio was 67.3% (31 December 2012: 53.9%).

Interest rate risk

The weighted average interest rate of the Group's bank and others borrowings decreased to 7.34% in 2013 from 8.18% in 2012. The Group has implemented certain interest rate management which includes, among the others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

Risk of exchange rate fluctuation

The Group mainly operates in the PRC, so most of its revenue and expenses are measured in Renminbi. In 2013, the exchange rates of Renminbi to HK dollars, US dollars and Malaysian Ringgit increased slightly, there was an exchange gain of approximately RMB512.5 million. The directors expect that any fluctuation of Renminbi's exchange rate will not have material adverse effect on the operation of the Group.

Land appreciation tax

According to relevant regulations and laws of the State Administration of Taxation, in the past, the Group has made full provision of land appreciation tax ("LAT") but paid provisional LAT calculated according to certain rates (varying from 0.5% to 5%) over sales amounts assessed by local tax bureau. In 2013, the Group's LAT expenses were approximately RMB1,634.8 million.

Contingent liability

As at 31 December 2013, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB31,455.9 million (31 December 2012: approximately RMB17,776.1 million).

The above guarantees represent the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. As at 31 December 2013, the amount of approximately RMB403.9 million (31 December 2012: approximately RMB72.2 million) was to be discharged two years from the day when the mortgaged loans become due; and approximately RMB31,052.0 million (31 December 2012: approximately RMB17,703.9 million) was to be discharged upon earlier of (i) issuance of the real estate ownership certificate which are generally to be available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgage loan by the purchasers of properties.

In addition, the Group had contingent liabilities of approximately RMB1,184.2 million relating to the guarantee provided to Guangzhou Li He Property Development Company Limited and Zhongshan Yahong Property Development Company Limited for their borrowings.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

Capital and property development commitments

As at 31 December 2013, the commitments in connection with capital and property development expenditures amounted to approximately RMB49,056.6 million (31 December 2012: approximately RMB25,484.2 million). This amount primarily arose from contracted construction fees or other capital commitments for future property developments. The Group expects to fund these commitments principally from pre-sale proceeds of the properties and partly from bank borrowings.

Employees and remuneration policy

As at 31 December 2013,the Group had approximately 64,772 full-time employees (31 December 2012: 40,243).

The remuneration package of the employees includes salary, bonus and other cash subsidies. The Company has designed an annual review system to assess the performance of the employees, which forms the basis of the determination on salary increase, bonus and promotion. The Group is subject to social insurance contribution plans organized by the PRC local governments. In accordance with the relevant national and local labor and social welfare laws and regulations, the Group is required to pay on behalf of the employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund. The Group believes the salaries and benefits that the employees receive are competitive in comparison with market rates. The employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. The Group believes its relationship with the employees is good. As at the date of this announcement, there were no significant labor disputes which adversely affect or likely to have an adverse effect on the operations of the Group.

Scope of work of PricewaterhouseCoopers

The figures in respect of the announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December

2013. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PwC on the results announcement.

AUDIT COMMITTEE

The Audit Committee assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are all of the independent non-executive directors, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tong, Ronald, Mr. HUANG Hongyan and Ms. HUANG Xiao. Mr. LAI Ming, Joseph is the chairman of the Audit Committee.

The annual results have been reviewed by the Audit Committee of the Company.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") throughout the year ended 31 December 2013, except for the deviation from the code provision E.1.2 of the Code. Under the first part of code provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting. The chairman of the Board was unable to attend the annual general meeting of the Company held on 9 May 2013 (the "Meeting") due to another business engagement. Mr. MO Bin, the president and executive Director of the Company, chaired the Meeting on behalf of the chairman of the Board and was available to answer questions.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules as the code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard of dealings set out therein throughout the year ended 31 December 2013. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

SHARE OPTION SCHEME

On 20 March 2007, a share option scheme (the "Scheme") was adopted and approved by the then shareholders of the Company for a period of 10 years commencing on the adoption date. Since the adoption date, the Board may, at its discretion, grant share options to any eligible person to subscribe for the shares in the Company subject to the terms and conditions as stipulated in the Scheme. During the year, share options to subscribe for a total of 6,173,457 shares of the Company have been granted and no share option was exercised, cancelled or lapsed in accordance with the terms of the Share Option Scheme.

EMPLOYEE INCENTIVE SCHEME

The trust deed in respect of an employee incentive scheme ("Employee Incentive Scheme") for the benefit of the senior management and employees of the Group which excludes any connected persons of the Company has been approved in principle, while the scheme rules are under preparation for the Board's approval. The purpose of the Employee Incentive Scheme is to provide the participants with an opportunity to hold a personal stake in the Company so as to motivate such participants and to enhance performance and efficiency. During the year, the Group had not purchased any shares of the Company from the market, but acquired 3,815,811 shares by way of scrip dividend. As of 31 December 2013, the cumulative total number of the shares acquired under the Employee Incentive Scheme were 101,132,446 shares.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIVIDENDS

The directors recommend the payment of a final dividend of RMB16.83 cents (to be approved) (2012: RMB13.86 cents) per share for the year ended 31 December 2013 to shareholders ("Shareholders") whose name appear on the register of members of the Company on 28 May 2014, with the Shareholders being given an option to elect to receive such proposed final dividend all in new shares or partly in new shares and partly in cash (the "Scrip Dividend Scheme").

The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from 22 May 2014 to 28 May 2014.

The Scrip Dividend Scheme is subject to (1) the approval of the proposed final dividend at the annual general meeting of the Company to be held on 21 May 2014; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular giving full details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Shareholders on or around 16 June 2014. It is expected that the final dividend warrants and certificates for the new Shares will be dispatched to Shareholders on or around 11 July 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Friday, 16 May 2014 to Wednesday, 21 May 2014, both days inclusive, during which period no transfer of Shares will be registered in order to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company. All duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 15 May 2014.

Subject to approval of shareholders in the annual general meeting, the proposed final dividend will be payable to shareholders whose names appears on the register of members of the Company on Wednesday, 28 May 2014. The register of members will be closed at Tuesday, 27 May 2014 to Wednesday 28 May 2014, both days inclusive, during which period no transfer of Shares will be registered in order to determine the identity of the shareholders who are qualified for the proposal final dividend. All duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 26 May 2014.

PUBLICATION OF INFORMATION ON THE WEBSITE ON THE STOCK EXCHANGE AND OF THE COMPANY

The results announcement is published on the Company's website (http://www.countrygarden.com.cn) and the Stock Exchange designated website (http://www.hkexnews.hk).

By Order of the Board
MO Bin
President and Executive Director

Hong Kong, 12 March 2014

As of the date of this announcement, the executive directors of the Company are Mr. YEUNG Kwok Keung (Chairman), Ms. YANG Huiyan (Vice Chairman), Mr. MO Bin (President), Mr. ZHU Rongbin (Associate President), Ms. YANG Ziying, Mr. YANG Erzhu, Mr. SU Rubo, Mr. OU Xueming, Mr. YANG Zhicheng, Mr. YANG Yongchao, Mr. XIE Shutai, Mr. SONG Jun, Mr. LIANG Guokun and Mr. SU Baiyuan. The independent non-executive directors of the Company are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan, Ms. HUANG Xiao, Mr. LIU Hongyu and Mr. MEI Wenjue.