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 2012

HIGHLIGHTS

- Total revenue for the year ended 31 December 2012 amounted to approximately RMB41.89 billion, representing an increase of approximately 20.6% compared with the year 2011; recognized GFA reached approximately 6.16 million sq.m., representing an increase of approximately 4.5% compared with the year 2011.

- Profit attributable to owners of the Company amounted to approximately RMB6.85 billion, representing an increase of approximately 17.9% compared with the year 2011.

- The successful share placement in February 2012 generated net proceeds of approximately HK$2.14 billion.

- Successfully issued 10-year 7.5% US$750 million senior notes in January 2013.

- Earnings per share amounted to approximately RMB38.06 cents, increased by approximately 14.3% compared with the year 2011.[1]

- Proposed final dividend per share is RMB13.86 cents (in the form of cash and/or shares at the choice of shareholders), increased by approximately 6.9% compared with the year 2011.

[1] Earnings per share for the year ended 31 December 2011 has been adjusted for the effect of issuance of shares under the scrip dividend scheme in June 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 2012.

BUSINESS REVIEW AND OUTLOOK

The Group's total revenue and gross profit reached approximately RMB41,891.0 million and RMB15,339.5 million respectively, representing a year-on-year increase of approximately 20.6% and 27.9%, respectively. Profit attributable to owners of the Company rose to approximately RMB6,852.7 million, posting a year-on-year increase of approximately 17.9%. The Board recommends the payment of final dividend of RMB13.86 cents per share for the year ended 31 December 2012.

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. The Group achieved contracted sales of approximately RMB47.6 billion, and contracted gross floor area ("GFA") of approximately 7.64 million sq.m. for the year 2012, representing year-on-year growth of approximately 10% and 11% respectively. The average selling price was approximately RMB6,231 per sq.m., which was about the same as that in 2011. Among which, Country Garden — Ten Miles Beach recorded contracted sales of approximately RMB3.49 billion, while Country Garden Phoenix City (Guangzhou) and Country Garden — Galaxy Palace (Shenyang) also achieved contracted sales of approximately RMB2.59 billion and RMB2.25 billion respectively. In 2012, the Company launched a total of 18 new projects with aggregate transaction amount of approximately RMB9.58 billion. Of which, 11 new projects were located in Guangdong province. On average, over 60% of the units debuted were sold on the first two days of launch of these projects. Among which, Country Garden — Eco City (Wuhan), Country Garden Hill Lake Bay[2] (Nansha, Guangzhou) and Country Garden — Grand Garden[3] (Tangxia, Dongguan) achieved transaction amount of approximately RMB1.53 billion, RMB1.16 billion and RMB1.11 billion respectively during the year.

The Group continued to achieve strong results in Guangdong Province, its core market, which accounted for around 60% of the Group's total contracted sales in 2012. Moreover, with the new projects outside Guangdong gradually reaching the delivery phases, and the improvement in the surrounding environment and ancillary facilities of these new projects over the past two to three years, the Board believes that the recognition of Country Garden's brand name has been further enhanced outside Guangdong. This will not only boost the revenue growth of these new projects, but will also set a solid foundation for the long-term development of the Group. The ratio of the contracted sales of the projects outside Guangdong Province to that of the Group has increased from approximately 24% in 2008 to approximately 40% in 2012, which verifies that the Group's successful business model in Guangdong Province is replicable in places outside Guangdong Province.

[2] Also named Country Garden — Tianxi Bay
[3] Also named Guanlan Country Garden

As of 31 December 2012, the Group had 118 projects under different stages of development, including 67 in Guangdong. Attributable GFA with land use right certificates, development and operation rights or land title was approximately 55.45 million sq.m. (approximately 46% in Guangdong), among which attributable GFA with construction permits was around 14.01 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. Hotel revenue in 2012 amounted to approximately RMB972.4 million, representing a year-on-year growth of about 21.3%. As of 31 December 2012, the Group operated 7 five-star hotels, 27 five-star standard hotels, as well as 2 four-star hotels, with a total of 11,009 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 order to unlock the long-term potential of the hotel business, the Group has teamed up with world renowned hotel management groups such as Hilton and Maritim as a long-term strategy.

In the aspect of internal management, the Group further consolidated the achievements from the reforms since 2010. The Group 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 order to further enrich its customer service, the Group has established the Customer Relations Management Center in March 2012, the corresponding work of which will be carried out with the mission of "property owners as top priority; to realize value for the customers." The goal here is to continuously enhance customer satisfaction and corporate reputation.

With regards to financial management, the Group actively explored various funding channels in the capital markets in addition to its strong bank financing capabilities with major commercial banks. On 29 February 2012, the Group successfully completed share placement which generated net proceeds of approximately HK$2.14 billion. It helped reduce the Group's gearing level, broaden the capital base and shareholder base of the Company and also increase the liquidity of its shares, but without resulting in significant dilution on the earnings base and the shareholding percentage of the existing shareholders. The Group also announced the early termination of the equity swap, removing the potential overhang on the liquidity and trading of the Company's shares when the equity swap expires in 2013. As of 31 December 2012, the Group's net gearing ratio was approximately 53.9%, representing a decrease of approximately 9.4 percentage points as compared with the level as of 31 December 2011.

In addition, in January 2013, Country Garden grasped the market opportunity and issued US$750 million senior notes with 10-year tenor and 7.5% coupon rate. Part of the net proceeds from the issue has been used to redeem the Company's convertible bonds which matured in February 2013, and the remaining will be used to fund existing and new property projects (including construction costs and land premiums) and for general corporate purposes. The issuance has a longer tenor than the Company's previous issuances but at a lower coupon rate, and received significant oversubscription, which once again, demonstrates investors' confidence in and recognition of the Group's operation model and financial strength.

The Company appointed Ms. YANG Huiyan as the Vice Chairman of the Company on 27 March 2012. Ms. YANG joined the Group in 2005 as the Manager of Procurement Department, and was appointed as an executive director of the Company in December 2006. Ms. YANG graduated from Ohio State University with a degree in Marketing and Logistics. Ms. YANG is primarily responsible for the strategic development of the Group.

Looking forward, the Group will continue to strategically select and develop property projects that are in line with national development strategies and the macroeconomic environment, leveraging on the Group's fast track development and strong project execution capabilities to maintain quick asset turnover. We are committed to offering high value-for-money property products, creating value for the society and generating satisfactory returns for our shareholders.

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December **2012** *RMB'000*	2011 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**11,613,913**	8,055,297
Investment property		**118,329**	125,963
Intangible assets		**22,632**	18,496
Land use rights		**1,390,218**	1,326,078
Properties under development	*3*	**25,700,500**	26,551,380
Investment in an associate	*4*	**114,351**	204,762
Deferred income tax assets		**1,449,327**	1,299,297
Other non-current assets	*5*	**201,722**	—
		40,610,992	37,581,273
Current assets			
Properties under development	*3*	**39,155,431**	28,370,042
Completed properties held for sale		**18,497,241**	12,876,349
Inventories		**347,514**	248,795
Trade and other receivables	*6*	**17,123,921**	12,535,495
Prepaid taxes		**3,927,083**	3,305,092
Restricted cash		**5,050,935**	4,649,017
Cash and cash equivalents		**11,809,031**	7,744,362
		95,911,156	69,729,152
Total assets		**136,522,148**	107,310,425
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital and premium	*7*	**19,368,755**	15,382,196
Other reserves		**1,901,964**	1,367,898
Retained earnings			
— proposed final dividend		**2,527,303**	2,163,450
— others		**13,779,127**	10,076,693
		37,577,149	28,990,237
Non-controlling interests		**1,307,259**	1,077,027
Total equity		**38,884,408**	30,067,264

	Note	As at 31 December 2012 RMB'000	2011 RMB'000
Liabilities			
Non-current liabilities			
Bank borrowings		**13,603,287**	7,408,301
Senior notes	*10*	**14,213,224**	14,204,447
Convertible bond	*9*	**—**	884,128
Deferred government grants		**189,520**	189,520
Deferred income tax liabilities		**924,381**	785,163
		28,930,412	23,471,559
Current liabilities			
Advanced proceeds received from customers		**33,353,645**	27,865,011
Trade and other payables	*12*	**19,030,298**	12,810,345
Income taxes payable		**7,227,236**	5,707,482
Bank borrowings		**8,152,283**	6,468,990
Derivative financial instruments	*11*	**—**	919,774
Convertible bond	*9*	**943,866**	—
		68,707,328	53,771,602
Total liabilities		**97,637,740**	77,243,161
Total equity and liabilities		**136,522,148**	107,310,425
Net current assets		**27,203,828**	15,957,550
Total assets less current liabilities		**67,814,820**	53,538,823

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2012	2011
	Note	***RMB'000***	*RMB'000*
Revenue	*13*	**41,890,984**	34,748,305
Cost of sales	*15*	**(26,551,479)**	(22,752,634)
Gross profit		**15,339,505**	11,995,671
Other gains — net	*14*	**103,293**	43,115
Selling and marketing costs	*15*	**(2,186,059)**	(1,128,443)
Administrative expenses	*15*	**(1,568,279)**	(1,319,473)
Operating profit		**11,688,460**	9,590,870
Finance income		**132,382**	101,318
Finance costs		**(258,825)**	(221,564)
Finance costs — net	*16*	**(126,443)**	(120,246)
Share of (loss)/profit of an associate and a jointly controlled entity	*4, 5*	**(93,689)**	120,937
Fair value changes on derivative financial instruments		**73,585**	15,174
Profit before income tax		**11,541,913**	9,606,735
Income tax expenses	*17*	**(4,657,351)**	(3,768,582)
Profit for the year		**6,884,562**	5,838,153
Other comprehensive income			
Currency translation differences		**(6,028)**	—
Total comprehensive income for the year		**6,878,534**	5,838,153
Profit attributable to:			
— Owners of the Company		**6,852,651**	5,813,180
— Non-controlling interests		**31,911**	24,973
		6,884,562	5,838,153

		Year ended 31 December	
		2012	2011
	Note	***RMB'000***	*RMB'000*
Total comprehensive income attributable to:			
— Owners of the Company		**6,849,323**	5,813,180
— Non-controlling interests		**29,211**	24,973
		6,878,534	5,838,153
Earnings per share attributable to owners of the Company (expressed in RMB cents per share)			
Basic	*19*	**38.06**	33.30
Diluted	*19*	**37.96**	33.30

		Year ended 31 December	
		2012	2011
	Note	***RMB'000***	*RMB'000*
Dividends	*18*	**2,527,303**	2,163,450

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 19 March 2013.

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.

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 derivative financial instruments.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(i) The following new and revised standards and amendments to existing standards are mandatory for the first time for the financial year beginning 1 January 2012:

- HKAS 12 (Amendment) 'Deferred tax: Recovery of underlying assets' introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted. This amendment had no impact on the Group's financial statements as the Group's investment property was stated at cost.

- HKFRS 7 (Amendment) 'Disclosures — Transfers of financial assets' introduces new disclosure requirement on transfers of financial assets. Disclosure is required by class of asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's balance sheet. The gain or loss on the transferred assets and any retained interest in those assets must be given. In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The disclosures must be presented by type of ongoing involvement. The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted. This amendment did not have a material impact on the Group's financial statements.

(ii) New and revised standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

- 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. The above amendment is effective for annual periods beginning on or after 1 January 2013. The adoption of this amendment does 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. The above new standard is effective for annual periods beginning on or after 1 January 2013. The adoption of this new standard does 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. The above revised standard is effective for annual periods beginning on or after 1 January 2013. The adoption of this revised standard does 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. The above new standard is effective for annual periods beginning on or after 1 January 2013. The adoption of this new standard does 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. The above revised standard is effective for annual periods beginning on or after 1 January 2013. The adoption of this revised standard does 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. The above new standard is effective for annual periods beginning on or after 1 January 2013. The adoption of this new standard does 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. The above amendments are effective for annual periods beginning on or after 1 January 2013. The adoption of these amendments does not have a material impact on the Group's consolidated financial statements.

- HKFRS 13 'Fair value measurement' 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. The above new standard is effective for annual periods beginning on or after 1 January 2013. The adoption of this new standard does 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 also 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. The above amendment is effective for annual periods beginning on or after 1 January 2013. The adoption of this amendment does not have a material impact on the Group's consolidated financial statements.

- 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. 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.

- 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 above new standard will be effective for annual periods beginning on or after 1 January 2015 and the Group is yet to assess the impact of this new standard on the Group's consolidated financial statements.

- HKFRS 7 and HKFRS 9 (Amendments) "Mandatory effective date and transition disclosures" delay the effective date to annual periods beginning on or after 1 January 2015, and also modify the relief from restating prior periods. As part of this relief, additional disclosures on transition from HKAS 39 to HKFRS 9 are required. The above amendments will be effective for annual periods beginning on or after 1 January 2015 and the Group is yet to assess the impact of these amendments on the Group's consolidated financial statements.

3 PROPERTIES UNDER DEVELOPMENT

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Properties under development expected to be completed:		
— Within the normal operating cycle included under current assets	**39,155,431**	28,370,042
— Beyond normal operating cycle included under non-current assets	**25,700,500**	26,551,380
	64,855,931	54,921,422
Amounts comprise:		
— Construction costs	**33,564,122**	26,870,421
— Land use rights	**28,598,537**	26,831,403
— Interest capitalised	**2,693,272**	1,219,598
	64,855,931	54,921,422

The capitalisation rate used to determine the amount of interest incurred eligible for capitalisation in 2012 was 10.31% (2011: 10.68%). Most of the properties under development are located in the PRC.

As at 31 December 2012, land use rights included in properties under development with net book value of RMB18,857,070,000 (2011: RMB10,742,089,000) were pledged as collateral for the Group's borrowings.

4 INVESTMENT IN AN ASSOCIATE

	2012	2011
	RMB'000	*RMB'000*
At 1 January	**204,762**	83,825
Share of (loss)/profit	**(90,411)**	120,937
At 31 December	**114,351**	204,762

The Group's share of the results of its associate, which is unlisted, and its aggregated assets and liabilities, are as follows:

Name	Country of incorporation	Principal activities	Assets	Liabilities	Revenue	Loss	% interest held
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
Guangzhou Li He Property Development Company Limited ("Li He")	PRC	Property Development	4,450,983	4,336,632	291,056	(90,411)	20%

The land of the aforementioned property development project of Li He consists of three phases. According to the agreed payment schedule of land premium, the third phase land premium of RMB10,200,000,000 should be settled in December 2011. As at 31 December 2012, there was an outstanding land premium totaling RMB7,700,000,000 remained unsettled. Management of Li He is in the progress of negotiating with related government authorities about the repayment schedule of this outstanding land premium. Based on the continuing negotiation initiated by the management of Li He and their consultation with external lawyer, the directors of the Company consider that the delayed payment of land premium does not render significant adverse impact on the operating results and financial position of the Group as at 31 December 2012.

5 OTHER NON-CURRENT ASSETS

	2012	2011
	RMB'000	*RMB'000*
Prepayment for an investment *(note (a))*	**200,000**	—
Investment in a jointly controlled entity *(note (b))*	**1,722**	—
At 31 December	**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 accounts for 6.35% of the equity interest in the investment fund company. As of 31 December 2012, the investment fund company was not yet established.

(b) Investment in a jointly controlled entity is analysed as follows:

	2012
	RMB'000
At 1 January	—
Capital injection	**5,000**
Share of loss	**(3,278)**
At 31 December	**1,722**

In December 2012, the Group completed the acquisition of 50% equity interest in Zhongshan Yahong Property Development Company Limited ("Zhongshan Yahong") from a PRC real estate developer at a consideration of RMB5,000,000. Zhongshan Yahong is incorporated in the PRC and its principal activities are property development.

The Group's share of the results of its jointly controlled entity, which is unlisted, and its aggregated assets and liabilities, are as follows:

	2012
	RMB'000
Non-current assets	**49**
Current assets	**330,584**
Total assets	**330,633**
Non-current liabilities	—
Current liabilities	**328,911**
Total liabilities	**328,911**
Revenue	—
Cost and expenses	**(3,278)**
Loss	**(3,278)**

As at 31 December 2012, there were no significant contingent liabilities and commitments relating to the Group's interest in the jointly controlled entity and of the jointly controlled entity itself.

6 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Trade receivables *(note (a))*	**2,968,240**	1,181,362
Land auction deposits	**1,360,698**	1,195,382
Other receivables	**2,920,761**	1,865,709
Amounts due from customers for contract work *(note(b))*	**657,131**	404,190
Prepayments for land *(note(c))*	**5,212,879**	4,293,512
Amount due from an associate	**1,139,745**	1,139,745
Amount due from a jointly controlled entity	**254,560**	—
Other prepayments	**2,609,907**	2,455,595
	17,123,921	12,535,495

As at 31 December 2012, the fair value of trade and other receivables approximates their carrying amounts.

(a) Trade receivables are mainly arisen from sales of properties and rendering of property management services. Property buyers are generally granted credit terms of 1 to 6 months, while there are generally no credits terms available for property management business. The ageing analysis of trade receivables is as follows:

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Within 90 days	**2,486,415**	1,009,043
Over 90 days and within 180 days	**188,987**	110,161
Over 180 days and within 365 days	**184,038**	33,920
Over 365 days	**108,800**	28,238
	2,968,240	1,181,362

Trade receivables are analysed as follows:

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Fully performing under credit terms	**2,776,224**	1,009,043
Past due but not impaired	**192,016**	172,319
	2,968,240	1,181,362

Past due but not impaired receivables mainly represent receivables from sales of properties and rendering of property management service. The directors consider that these receivables would be recovered and no provision was therefore made against past due receivables as at 31 December 2012 (2011: nil). The ageing analysis of these trade receivables is as follows:

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Over 90 days and within 180 days	**162,990**	110,161
Over 180 days and within 365 days	**14,358**	33,920
Over 365 days	**14,668**	28,238
	192,016	172,319

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

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

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Cost incurred	**4,184,249**	4,077,952
Recognised profits (less recognised losses)	**1,955,745**	1,747,764
	6,139,994	5,825,716
Less: progress billings	**(5,482,863)**	(5,421,526)
	657,131	404,190
Represented by:		
Amounts due from customers	**657,131**	404,190
Including: Related companies	**447,124**	381,992
Third parties	**210,007**	22,198

(c) Prepayments for land 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 2012.

7 SHARE CAPITAL AND PREMIUM

	Note	**Number of ordinary shares**	**Nominal value of ordinary shares** *HK$'000*	**Equivalent nominal value of ordinary shares** *RMB'000*	**Share premium** *RMB'000*	**Treasury shares** *RMB'000*	**Total** *RMB'000*
Authorised							
At 1 January 2011, 31 December 2011 and 2012		100,000,000,000	10,000,000	9,905,008	—	—	9,905,008
Issued and fully paid							
At 1 January 2011		16,699,138,043	1,669,914	1,647,530	14,114,902	(370,328)	15,392,104
Treasury shares purchased		—	—	—	—	(9,908)	(9,908)
At 31 December 2011 and 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		18,229,660,154	1,822,966	1,771,631	17,977,360	(380,236)	19,368,755

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.

8 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 three independent non-executive 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.

No share options were exercised during the year.

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

Expiry date	**Exercise price in HKD per share**	**Number of share options** *in thousands*
29 November 2022	3.7	3,000

The fair value of the share options was determined using the Black-Scholes valuation model. The fair value of the above options on the grant date was HKD3,660,000 (equivalent to approximately RMB3,000,000). The key assumptions used in the valuation are set out below:

Closing share price at grant date (HKD)	3.7
Exercise price per share (HKD)	3.7
Annual risk-free interest rate	0.26%
Expected volatility	55.2%
Dividend yield	4.3%
Expected term (years)	5

9 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 is listed on the Singapore Exchange Securities Trading Limited. At the option of bond holders, the aggregate amount of RMB4,314 million will be convertible into fully paid shares with a par value of HKD0.1 each of the Company. The value of the liability component of RMB3,781.3 million and the equity conversion component of RMB424.8 million, net of transaction costs of RMB107.9 million, were determined at issuance of the Bond.

The Bond matures in five years (February 2013) from the issue date at 121.306% of the nominal value or can 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.

The fair value of the liability component included in long-term borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the Bond. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in other reserves.

The total consideration (including transaction costs) paid to redeem the Bond is allocated to liability and equity components at the date of redemption. The difference between the consideration allocated to the liability component and its carrying value at the date of redemption is recognised in profit or loss. The amount of consideration allocated to the equity component is recognised in equity.

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

	RMB'000
Liability component as at 1 January 2011	1,381,054
Interest expenses *(note 16)*	84,518
Coupon paid	(26,057)
Redemption	(555,387)
Liability component as at 31 December 2011	884,128
Liability component as at 1 January 2012	**884,128**
Interest expenses *(note 16)*	**79,264**
Coupon paid	**(19,526)**
Liability component as at 31 December 2012	**943,866**

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

The fair value of the liability component of the Bond at 31 December 2012 amounts to RMB944,690,000. The fair value is calculated using the market price of the Bond on the balance sheet date.

10 SENIOR NOTES

The Group issued the following senior notes in the current and prior years:

(i) On 2 September 2009, the Company issued senior notes in an aggregate principal amount of USD300,000,000. On 16 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 March 10 and September 10 in arrears, and will mature on 10 September 2014, unless redeemed earlier.

At any time, the Company may at its option redeem the 2014 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2014 Notes plus certain premium as of, and accrued and unpaid interest, if any, to the redemption date.

At any time prior to 10 September 2012, the Company may redeem up to 35% of the aggregate principal amount of the 2014 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 111.75% of the principal amount of the 2014 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

(ii) On 15 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 April 22 and October 22 in arrears, and will mature on 22 April 2017, unless redeemed earlier.

At any time on or after 22 April 2014, the Company may redeem the 2017 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to (but not including) the redemption date if redeemed during the twelve month period beginning on 22 April of each of the years indicated below.

Period	**Redemption price**
2014	105.625%
2015	102.8125%
2016 and thereafter	100.00%

At any time prior to 22 April 2014, the Company may at its option redeem the 2017 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2017 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

At any time and from time to time prior to 22 April 2013, the Company may redeem up to 35% of the aggregate principal amount of the 2017 Notes with the proceeds from sales of certain kinds of the Company's capital stock at a redemption price of 111.25% of the principal amount of the 2017 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the 2017 Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related sale of the Company's capital stock and subject to certain conditions.

(iii) On 4 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 February 11 and August 11 in arrears, and will mature on 11 August 2015, unless redeemed earlier.

At any time prior to 11 August 2015, the Company may at its option redeem the 2015 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2015 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to 11 August 2013, the Company may redeem up to 35% of the aggregate principal amount of the 2015 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 110.50% of the principal amount of the 2015 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2015 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

(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 February 23 and August 23 in arrears, and will mature on 23 February 2018, unless redeemed earlier.

At any time and from time to time on or after 23 February 2015, the Company may redeem the 2018 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to (but not including) the redemption date if redeemed during the twelve month period beginning on 23 February of each of the years indicated below.

	Redemption price
2015	105.5625%
2016	102.7813%
2017 and thereafter	100.0000%

At any time prior to 23 February 2015, the Company may at its option redeem the 2018 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

At any time and from time to time prior to 23 February 2014, the Company may redeem up to 35% of the aggregate principal amount of the 2018 Notes with the proceeds from sales of certain kinds of the Company's capital stock at a redemption price of 111.125% of the principal amount of the 2018 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the 2018 Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related sale of the Company's capital stock and subject to certain conditions.

The 2014 Notes, 2017 Notes, 2015 Notes and 2018 Notes contain a liability component and the above 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% and 11.69% per annum to the liability component of the 2014 Notes, 2017 Notes, 2015 Notes and 2018 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 is insignificant on initial recognition and at 31 December 2012.

The 2014 Notes, 2017 Notes, 2015 Notes, and 2018 Notes recognised in the balance sheet were calculated as follows:

	RMB'000
Carrying amount as at 1 January 2011	8,872,270
Additions	5,770,437
Exchange gains	(664,889)
Interest expenses *(note 16)*	1,503,628
Coupon paid	(1,276,999)
Carrying amount as at 31 December 2011	**14,204,447**
Exchange gains	**(31,276)**
Interest expenses *(note 16)*	**1,606,744**
Coupon paid	**(1,566,691)**
Carrying amount as at 31 December 2012	**14,213,224**

The fair value of the senior notes at 31 December 2012 amounts to RMB15,968,438,000. The fair value is calculated using the market price of the senior notes on the balance sheet date.

11 DERIVATIVE FINANCIAL INSTRUMENTS

Upon the issue of the RMB denominated USD settled 2.5% convertible bond as disclosed in note 9, the Company entered into a cash settled equity swap transaction (the "Equity Swap") for the Company's shares up to a value of USD250 million (equivalent to approximately HKD1,950 million) on 22 February 2008, and as a result, the Company has put up collateral in the amount of USD250 million (equivalent to approximately RMB1,575,225,000 at 31 December 2011) (the "Collateral") to Merrill Lynch International. Under the Equity Swap, the Company will either receive a payment from or settle a payment to Merrill Lynch International if the final price is higher or lower than the initial price upon termination of the Equity Swap. The initial price was determined in accordance with the formula as set out in the Equity Swap contract, and the final price will be determined with reference to the arithmetic mean of the relevant prices of the Company's shares on specified averaging dates upon termination of the Equity Swap. Besides, the termination date of the Equity Swap will be determined based on the earlier of 2013 or a date when certain condition as stipulated in the Equity Swap contract is fulfilled.

According to the Equity Swap transactions entered with Merrill Lynch International, Merrill Lynch International would pay the Company an amount equivalent to the number of shares under the Equity Swap multiplied by the dividend per Company's share as a return of the Equity Swap.

On 5 January 2011, the Company entered into an amendment and restatement agreement with Merrill Lynch International (the "Amendment"). Pursuant to the Amendment, Merrill Lynch International no longer has the above option to early terminate the Equity Swap and only the Company has the option to terminate the Equity Swap early on any scheduled trading day, at its election, prior to the termination of the Equity Swap.

On 2 March 2012, the Company entered into an agreement with Merrill Lynch International to terminate the Equity Swap in whole. As a result of the termination of the Equity Swap, the Company received net cash of approximately USD113 million (equivalent to RMB713,046,000), representing the proceeds from the release of the Collateral net off of the fair value of the Equity Swap on the date of termination and fees charged by Merrill Lynch International.

Derivative financial instruments liabilities as at balance sheet date are as follows:

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Equity Swap	**—**	919,774

12 TRADE AND OTHER PAYABLES

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Trade payables	**11,653,984**	8,629,421
Other payables — third parties	**4,215,960**	2,305,622
Other taxes payable	**1,175,651**	604,993
Salaries payable	**1,155,116**	917,749
Accrued expenses	**829,587**	352,560
	19,030,298	12,810,345

The carrying amounts of trade and other payables approximate their fair values.

The aging analysis of trade payables was as follows:

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Within 90 days	**10,965,229**	8,115,814
Over 90 days and within 180 days	**332,990**	200,181
Over 180 days and within 365 days	**231,832**	199,549
Over 365 days	**123,933**	113,877
	11,653,984	8,629,421

13 SEGMENT INFORMATION

The Executive Directors (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 collateral for equity swap. Segment liabilities consist primarily of operating liabilities. They exclude bank borrowings, convertible bond, senior notes, derivative financial instruments, deferred income tax liabilities and income taxes payable.

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

Revenue consists of the following:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Sales of properties	**40,011,972**	33,193,982
Rendering of construction, fitting and decoration services	**314,278**	240,881
Rendering of property management services	**592,311**	511,719
Rendering of hotel services	**972,423**	801,723
	41,890,984	34,748,305

Sales between segments are carried out according to the terms and conditions agreed by both parties.

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

The Group has a number of customers, no revenue from a customer exceed 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 2012 is as follows:

	Property development	**Construction, fitting and decoration**	**Property management**	**Hotel operation**	**Total Group**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***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**
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	**46,380,115**	**3,508,785**	**790,201**	**1,894,362**	**52,573,463**

The segment information provided to the ED for the reportable segments for the year ended 31 December 2011 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	33,193,982	7,825,142	511,870	801,723	42,332,717
Inter-segment revenue	—	(7,584,261)	(151)	—	(7,584,412)
Revenue (from external customers)	33,193,982	240,881	511,719	801,723	34,748,305
Operating profit/(loss)	9,527,525	28,906	69,576	(35,137)	9,590,870
At 31 December 2011					
Total segment assets	93,587,632	2,612,195	476,717	7,759,359	104,435,903
Capital expenditure	655,324	5,006	15,004	2,137,572	2,812,906
Total segment liabilities	37,509,289	2,201,791	490,196	663,600	40,864,876

Reportable operating profits are reconciled to net profit as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Total operating profit	**11,688,460**	9,590,870
Financial costs — net	**(126,443)**	(120,246)
Share of (loss)/profit of an associate and a jointly controlled entity	**(93,689)**	120,937
Fair value changes on derivative financial instruments	**73,585**	15,174
Profit before income tax	**11,541,913**	9,606,735
Income tax expenses	**(4,657,351)**	(3,768,582)
Profit for the year	**6,884,562**	5,838,153

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

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Total segment assets	**135,072,821**	104,435,903
Deferred income tax assets	**1,449,327**	1,299,297
Collateral for the Equity Swap	**—**	1,575,225
Total assets per consolidated balance sheet	**136,522,148**	107,310,425
Total segment liabilities	**52,573,463**	40,864,876
Deferred income tax liabilities	**924,381**	785,163
Income taxes payable	**7,227,236**	5,707,482
Derivative financial instruments	**—**	919,774
Bank borrowings	**21,755,570**	13,877,291
Convertible bond	**943,866**	884,128
Senior notes	**14,213,224**	14,204,447
Total liabilities per consolidated balance sheet	**97,637,740**	77,243,161

14 OTHER GAINS — NET

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Rental income	**29,710**	16,809
Forfeiture income	**26,838**	18,351
Refund of land usage tax	**25,050**	3,375
Gain on disposal of property, plant and equipment	**1,352**	896
Others	**20,343**	3,684
	103,293	43,115

15 EXPENSES BY NATURE

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Auditor's remuneration	**6,500**	6,500
Advertising costs	**1,273,470**	548,517
Amortisation of intangible assets	**6,054**	4,594
Business taxes and other levies *(note)*	**2,656,101**	2,193,236
Costs of completed properties sold	**23,412,588**	20,378,225
Donations	**80,868**	133,547
Depreciation	**382,647**	268,766
Employee benefit expenses	**1,798,835**	1,245,013
Land use rights amortisation	**38,170**	38,963
Surveillance charges	**19,355**	39,563
Rental expenses	**49,659**	27,156
Others	**581,570**	316,470
Total cost of sales, selling and marketing costs and administrative expenses	**30,305,817**	25,200,550

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 COSTS — NET

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Interest expenses:		
— Bank borrowings	**1,411,074**	860,679
— The Bond *(note 9)*	**79,264**	84,518
— Senior notes *(note 10)*	**1,606,744**	1,503,628
	3,097,082	2,448,825
Loss on redemption of the Bond	**—**	243
Less:		
— Net foreign exchange gains on financing activities	**(20,895)**	(437,998)
— Amounts capitalised on qualifying assets	**(2,817,362)**	(1,789,506)
Finance costs	**258,825**	221,564
Finance income:		
— Interest income on short-term bank deposits	**(132,382)**	(101,318)
Finance costs — net	**126,443**	120,246

17 INCOME TAX EXPENSES

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Current income tax		
— PRC corporate income tax *(note (a))*	**2,406,924**	2,368,788
— Hong Kong profits tax *(note (b))*	**—**	—
— Land appreciation tax *(note (c))*	**2,261,239**	1,448,628
Deferred income tax		
— PRC corporate income tax	**87,822**	(290,637)
— Withholding tax on profit to be distributed in future *(note (d))*	**(98,634)**	241,803
	4,657,351	3,768,582

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:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Profit before income tax	**11,541,913**	9,606,735
Tax calculated at PRC corporate income tax rate of 25% (2011: 25%)	**2,885,478**	2,401,684
Land appreciation tax deductible for calculation of income tax purpose	**(565,310)**	(362,157)
Tax losses not recognised as deferred income tax assets	**19,370**	18,830
Income not subject to tax	**(24,466)**	(118,181)
Expenses not deductible for tax	**179,674**	137,975
	2,494,746	2,078,151
Withholding tax on profit to be distributed in future *(note (d))*	**(98,634)**	241,803
Land appreciation tax	**2,261,239**	1,448,628
Income tax expenses	**4,657,351**	3,768,582

Notes:

(a) PRC corporate income tax is provided at the rate of 25% (2011: 25%) of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC corporate income tax purpose.

(b) No Hong Kong profits tax was provided for the year as the Group did not have any assessable profit in Hong Kong (2011: nil).

(c) 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.

(d) In accordance with the "Corporate Income Tax Law of the People's Republic of China" and the "Implementation Regulations of the Corporate Income Tax Law of the People's Republic of China" promulgated by the State Council on 6 December 2007 and effective on 1 January 2008, an income tax rate of 10% shall be applicable to any dividends payable to non-PRC tax resident enterprises from PRC tax resident Enterprises. In accordance with the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income", if the beneficial owner of the dividends is a company directly owning at least 25% of the capital of the company which pays the dividends, 5% of the gross amount of the dividends is applied.

Withholding tax is provided on the dividends to be distributed by the PRC subsidiaries of the Group. In current year, the relevant group companies 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, the over-provision made in prior years and amounted to approximately RMB238,484,000, was reversed in current year.

18 DIVIDENDS

	Year ended 31 December 2012 RMB'000	2011 RMB'000
Proposed final dividend of RMB13.86 cents per share (2011: RMB12.96 cents) *(note)*	**2,527,303**	2,163,450

Note:

The 2011 final dividend was satisfied wholly in the form of shares as a result of the scrip dividend scheme (note 7(b)). The dividends paid in 2011 were RMB1,604,790,000 (RMB9.61 cents per ordinary share). The directors recommend the payment of a 2012 final dividend of RMB13.86 cents per ordinary share, totaling RMB2,527,303,000. Such dividend is to be approved by the shareholders at the Annual General Meeting on 9 May 2013. 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 7).

	Year ended 31 December 2012	2011
Profit attributable to owners of the Company (RMB'000)	**6,852,651**	5,813,180
Weighted average number of ordinary shares in issue (thousands)	**18,006,527**	17,459,221
Earnings per share — Basic (RMB cents per share)	**38.06**	33.30

Basic earnings per share for the year ended 31 December 2011 was adjusted for the effect of issuance of shares under the scrip dividend scheme in June 2012 (note 7(b)).

(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.

	Year ended 31 December 2012
Profit attributable to owners of the Company (RMB'000)	**6,852,651**
Interest expense on the Bond (RMB'000)	**18,639**
Profit used to determine diluted earnings per share (RMB'000)	**6,871,290**
Weighted average number of ordinary shares in issue (thousands)	**18,006,527**
Adjustments — conversion of the Bond (thousands)	**93,599**
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**18,100,126**
Diluted (RMB cents per share)	**37.96**

The impact of share options to earnings per share was anti-dilutive for the year ended 31 December 2012.

The impact of conversion of the Bond to earnings per share was anti-dilutive for the year ended 31 December 2011, diluted earnings per share was therefore equal to basic earnings per share for the year ended 31 December 2011.

20 COMMITMENTS

(a) Commitments for capital and property development expenditures

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Contracted but not provided for:		
— Property, plant and equipment	**12,425**	16,687
— Property development expenditure (including land premium)	**25,471,728**	19,179,413
	25,484,153	19,196,100

(b) Operating lease commitments

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

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Not later than one year	**7,648**	16,414
Later than one year and not later than five years	**14,702**	55,623
Later than five years	**21,154**	134,438
	43,504	206,475

(c) Operating lease rentals receivable

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

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Not later than one year	**53,794**	48,113
Later than one year and not later than five years	**213,210**	196,006
Later than five years	**43,972**	42,047
	310,976	286,166

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 20.6% to approximately RMB41,891.0 million in 2012 from approximately RMB34,748.3 million in 2011, 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 RMB40,012.0 million, RMB314.3 million, RMB592.3 million and RMB972.4 million, respectively.

Property development

Revenue generated from property development increased by 20.5% to approximately RMB40,012.0 million in 2012 from approximately RMB33,194.0 million in 2011; primarily attributable to a 15.4% increase in recognized average selling price from approximately RMB 5,630 per sq.m. in 2011 to approximately RMB6,497 per sq.m. in 2012. Meanwhile, total gross floor area ("GFA") recognized increased by 4.5% to 6,158,231 sq.m. in 2012 from 5,895,762 sq.m. in 2011.

Construction, fitting and decoration

Revenue generated from construction, fitting and decoration increased by 30.5% to approximately RMB314.3 million in 2012 from approximately RMB240.9 million in 2011, 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 15.7% to approximately RMB592.3 million in 2012 from approximately RMB511.7 million in 2011, 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 21.3% to approximately RMB972.4 million in 2012 from approximately RMB801.7 million in 2011, primarily due to increased revenues from existing hotels and the opening of new hotels such as five-star rating standard Country Garden Phoenix Hotel, Chizhou in June 2012, Country Garden Phoenix Hot Spring Hotel, Taizhou and Country Garden Phoenix Hotel, Tongliao in July 2012 and Country Garden Silver Beach Hotel in October 2012 respectively.

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 increased by 16.7% to approximately RMB26,551.5 million in 2012 from approximately RMB22,752.6 million in 2011. 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 27.9% to approximately RMB15,339.5 million in 2012 from approximately RMB11,995.7 million in 2011. The gross profit margin in 2012 increased to 36.6% from 34.5% in 2011.

Other gains — net

Other gains — net of the Group increased by 139.7% to approximately RMB103.3 million in 2012 from approximately RMB43.1 million in 2011, primarily due to an increase of refund of land usage tax to approximately RMB25.1 million in 2012 from approximately RMB3.4 million in 2011.

Selling and marketing costs

Selling and marketing costs of the Group increased by 93.7% to approximately RMB2,186.1 million in 2012 from approximately RMB1,128.4 million in 2011. The increase was primarily attributable to an increase in advertising costs from approximately RMB548.5 million in 2011 to approximately RMB1,273.5 million in 2012, 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 18.9% to approximately RMB1,568.3 million in 2012 from approximately RMB1,319.5 million in 2011, primarily due to an increase of employee benefit expenses to approximately RMB515.1 million in 2012 from approximately RMB412.9 million in 2011 as we increased salaries and bonuses for employees during the year.

Finance costs — net

Finance costs — net of the Group increased by 5.2% to approximately RMB126.4 million in 2012 from approximately RMB120.2 million in 2011, primarily due to an increase of interest expenses to RMB3,097.1 million in 2012 from approximately RMB2,448.8 million in 2011. In addition, due to the changes of the RMB exchange rate, the foreign exchange gain in 2012 decreased by 95.2% to approximately RMB20.9 million from approximately RMB438.0 million in 2011.

Fair value changes on derivative financial instruments

On 22 February 2008, the Company entered into a cash settled equity swap transaction (the "Equity Swap") with Merrill Lynch International for the Company's shares up to a value of US$250 million (equivalent to approximately HK$1,950 million). Under the Equity Swap, the Company receives a payment if the Final Price (as defined in the announcement of the Company dated 17 February 2008 (the "Announcement")) is higher than the Initial Price (as defined in the Announcement) and the Equity Swap Counterparty (as defined in the Announcement) receives a payment if the Final Price is lower than the Initial Price. The Initial Price will be determined in accordance with the formula sets out in the Equity Swap and the Final Price will be determined with reference to the arithmetic mean of the relevant prices of the Company's shares on specified averaging dates. In March 2012, the Company terminated the Equity Swap in whole. Measured by the termination price, the gain from the fair value change on the equity swap since 1 January 2012 to the termination date was approximately RMB73.6 million.

Profit attributable to owners of the Company

Profit attributable to owners of the Company in 2012 increased by 17.9% to approximately RMB6,852.7 million from approximately RMB5,813.2 million in 2011. The net profit margin decreased slightly to approximately 16.4% in 2012 from approximately 16.7% in 2011.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

The Group's cash and bank deposits (including the restricted cash) amounted to approximately RMB16,860.0 million as at 31 December 2012 (31 December 2011: approximately RMB12,393.4 million). As at 31 December 2012, 94.9% and 5.1% of the Group's cash and bank deposits were denominated in Renminbi and other currencies (mainly US dollars and HK dollars), respectively.

As at 31 December 2012, the carrying amount of the restricted cash was approximately RMB5,050.9 million (31 December 2011: approximately RMB4,649.0 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 payments 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 RMB27,203.8 million as at 31 December 2012 (31 December 2011: approximately RMB15,957.6 million). The current ratio being current assets over current liabilities was approximately 1.4 as at 31 December 2012, which increased from 1.3 as at 31 December 2011.

Debt and charges on group assets

The Group had an aggregated debt as at 31 December 2012 of approximately RMB36,912.7 million, including bank borrowings of approximately RMB21,755.6 million, convertible bond of approximately RMB943.9 million, and senior notes of approximately RMB14,213.2 million.

For bank borrowings, approximately RMB8,152.3 million will be repayable within 1 year, approximately RMB12,645.4 million will be repayable between 2 and 5 years and the remaining approximately RMB957.9 million to be repayable beyond 5 years. As at 31 December 2012, a substantial part of the bank borrowings are secured by land use rights and properties of the Group and guaranteed by group companies.

Gearing ratio

The gearing ratio is measured by the net debt (total debt net of disposable cash and cash equivalents) over the equity attributable to owners of the Company. As at 31 December 2012, the gearing ratio was 53.9% (31 December 2011: 63.3%).

Interest rate risk

The weighted average interest rate of the Group's bank borrowings increased to approximately 8.18% in 2012 from approximately 7.21% in 2011. 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 2012, as the exchange rates of Renminbi to HK dollars and US dollars increased slightly, there was an exchange gain of approximately RMB20.9 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. For the year ended 31 December 2012, the Group's LAT expenses were approximately RMB2,261.2 million (2011: RMB1,448.6 million).

Contingent liability

As at 31 December 2012, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB17,776.1 million (31 December 2011: approximately RMB15,783.0 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 2012, the amount of approximately RMB72.2 million (31 December 2011: approximately RMB106.4 million) was to be discharged two years from the day when the mortgaged loans become due; and approximately RMB17,703.9 million (31 December 2011: approximately RMB15,676.6 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, of the total contingent liabilities as at 31 December 2012, approximately RMB1,705.5 million represented the guarantee provided to Guangzhou Li He Property Development Company Limited for its 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 2012, the commitments in connection with capital and property development expenditures amounted to approximately RMB25,484.2 million (31 December 2011: approximately RMB19,196.1 million). This amount primarily arose from contracted construction costs and land premium 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 2012, the Group had approximately 40,243 full-time employees (31 December 2011: 35,206).

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 preliminary announcement of the Group's results for the year ended 31 December 2012 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 2012. 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 preliminary 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 Code on Corporate Governance Practices 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") was revised to, and renamed as, Corporate Governance Code from 1 April 2012 (collectively, the "Code"). The Company has complied with the code provisions of the Code throughout the year ended 31 December 2012, 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 26 April 2012 (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 2012. Relevant employees who are likely to be in possession of unpublished price-sensitive 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 3,000,000 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 Company had not purchased any shares of the Company from the market, but acquired 4,555,816 shares by way of scrip dividend. As of 31 December 2012, the cumulative total number of the shares acquired under the Employee Incentive Scheme were 97,316,635 shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except for (i) to those referred to under the section "Employee Incentive Scheme" and (ii) convertible bond referred to as set out in Note 9 to the Consolidated Financial Statement in this announcement.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of RMB13.86 cents (2011: RMB12.96 cents) per share for the year ended 31 December 2012 to shareholders ("Shareholders") whose name appear on the register of members of the Company on 16 May 2013, 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 10 May 2013 to 16 May 2013.

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 9 May 2013; 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 27 May 2013. It is expected that the final dividend warrants and certificates for the new Shares will be dispatched to Shareholders on or around 18 June 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Friday, 3 May 2013 to Thursday, 9 May 2013, 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 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 2 May 2013.

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 Thursday, 16 May 2013. The register of members will be closed at Thursday, 16 May 2013, during that day 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 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 15 May 2013.

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, 19 March 2013

As at 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, Ms. YANG Ziying, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan, Mr. OU Xueming, Mr. YANG Zhicheng and Mr. YANG Yongchao. 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 and Ms. HUANG Xiao.