



# 碧桂園控股有限公司

COUNTRY GARDEN HOLDINGS COMPANY LIMITED

(於開曼群島註冊成立的有限公司)

(Incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code:2007



碧桂園·十里銀灘實景  
Photo of Country Garden-Ten Miles Beach

2012 年報  
ANNUAL REPORT



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# Corporate Profile

Country Garden Holdings Company Limited (“Country Garden” or the “Company”) together with its subsidiaries, (collectively, the “Group”) (stock code: 2007.HK) is one of China’s leading integrated property developers. The Group runs a centralized and standardized business model that comprises construction, decoration, project development, property management, as well as hotel development and management. Country Garden offers a broad range of products to cater for diverse market demands. Its various products include residential projects such as townhouses, apartment buildings, as well as car-parks and retail shops. The Group also develops and manages hotels within some of its projects to enhance the potential for property value appreciation. It also develops hotels which are independent of property developments. The Group’s brand was named by the People’s Republic of China (the “PRC”) State Administration for Industry and Commerce in 2006 as “China’s Well-known Trademarks”.

Country Garden was listed on the Main Board of the Hong Kong Stock Exchange on 20 April 2007. The listing not only provided the Group with additional funding to sustain healthy growth in the future, but it also assisted the Group to establish its foothold in the international capital market. Country Garden was well recognized by the market post listing. It was included in the MSCI Global Standard Index on 1 September 2007. It also became a constituent stock of the Hang Seng Composite Index, Hang Seng Mainland Composite Index and Hang Seng Mainland Freefloat Index on 10 September 2007. All these symbolized the capital market’s recognition of Country Garden as a major component of the Hong Kong stock market and also strengthened the Group’s benchmarking position in the international capital markets.

Since its inception in 1997, Country Garden has been benefiting from the flourishing economy of the PRC, particularly in Guangdong Province. As at 31 December 2012, Country Garden had operations in a number of strategically selected locations beyond Guangdong Province, including Hunan Province, Jiangsu Province, Hubei Province, Liaoning Province, Anhui Province, Heilongjiang Province, Hainan Province, Zhejiang Province, Shandong Province, Chongqing Municipality, Tianjin Municipality, Inner Mongolia Autonomous Region, Guangxi Zhuang Autonomous Region of China as well as State of Selangor of Malaysia. The associated strategic acquisitions further reinforced the Group’s leading position in Guangdong Province and strengthened its developments in other regions, demonstrating the excellent execution ability and the strong replication potential of the Group’s successful business model.

Looking ahead, Country Garden will continue to focus on developing high quality property projects in the suburban areas of first tier cities as well as second and third tier cities with promising economic growth potential. Leveraging on its unique competitive strengths, and under the direction and guidance of government’s macro policies, Country Garden will further replicate its successful business model into new high growth regions through strategic selection of project locations, a short project development schedule characterized by fast asset turnover and excellent execution ability, as well as innovative product offering closely in line with market demand, all with a view to developing the Group into a leading large-scale residential property developer with a national presence and a well recognized brand name.



— Country Garden City Garden



— Shilou Country Garden

# Chairman's Statement

## 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.<sup>1</sup>
- 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.

Dear Shareholders,

I am pleased to present the annual results of Country Garden Holdings Company Limited ("Country Garden" or the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2012.

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

<sup>1</sup> 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.

## Chairman's Statement

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<sup>2</sup> (Nansha, Guangzhou) and Country Garden Grand Garden<sup>3</sup> (Tangxia, Dongguan) achieved transaction amount of approximately RMB1.53 billion, 1.16 billion and 1.11 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.

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.

<sup>2</sup> Also named Country Garden — Tianxi Bay

<sup>3</sup> Also named Guanlan Country Garden



## Chairman's Statement

It helps to 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.



— Country Garden — Galaxy Palace

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.

### APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude as always to the entire management team and every staff member of Country Garden. The growth of Country Garden would not have been possible without your dedication and contribution. The Group would also like to thank the local governments for their continued support in making possible the smooth progress of our various projects. We would also like to express our appreciation to our shareholders, investors, customers and business partners for their strong support and confidence in the Group. The management and staff of Country Garden will continue to dedicate their professional knowledge with excellent team spirit to create reasonable returns for our shareholders.

**YEUNG Kwok Keung**

*Chairman*

Foshan, Guangdong Province, PRC

19 March 2013

# Business Overview

## PROPERTY DEVELOPMENT

As of 31 December 2012, the Group had 118 projects at various stages of development. 67 of the projects are located in Guangdong Province including 13 in Guangzhou city, 12 in Jiangmen city, 9 in Foshan city, 7 in Zhaoqing city, 5 in Dongguan city, 5 in Qingyuan city, 3 in Shaoguan city, 3 in Meizhou city, 2 in each of Huizhou city, Shanwei city and Maoming city, 1 in each of Yangjiang city, Yunfu city, Heyuan city and Zhongshan city. Another 51 projects are located as the following: 4 in Changsha city and 1 in each of Yiyang city, Zhangjiajie city, Xiangtan city, Chenzhou city in Hunan Province, 3 in Wuhan city and 2 in Xianning city, 1 in each of Suizhou city, Jingmen city, in Hubei Province, 2 in Wuxi city, 1 in each of Taizhou city, Zhenjiang city in Jiangsu Province, 2 in Hefei city, 2 in Chuzhou city, 1 in each of Anqing city, Chizhou city, Maanshan city, Huangshan city and Wuhu city in Anhui Province, 5 in Shenyang city and 1 in Anshan city in Liaoning Province, 1 in each of Hulunbeier city, Xing'anmeng and Tongliao city in Inner Mongolia, 1 in Suihua city in Heilongjiang Province, 2 in Chongqing Municipality, 3 in Tianjin Municipality, 1 in each of Yulin city, Baise city in Guangxi Zhuang Autonomous Region, 2 in Lin'gao city, 1 in Wenchang city in Hainan Province, 1 in Ji'nan city in Shandong Province, 1 in Hangzhou city in Zhejiang Province as well as 1 in the State of Selangor of Malaysia.

As of 31 December 2012, the Group's 118 projects had an aggregate completed GFA of 36,734,773 sq.m., and aggregate GFA under development of 15,250,861 sq.m., and aggregate GFA of 37,661,394 sq.m. relating to properties held for future development.

## PROPERTY MANAGEMENT

Through a wholly-owned property management subsidiary of the Company, Guangdong Country Garden Property Management Co. Ltd. ("Guangdong Management Co."), the Group provides post sales property management and services to the residents of each of the projects developed.

As of 31 December 2012 the Group had approximately 15,337 staff working for its 97 property management branches. The Group aims to continue to provide property management and services, including public security and assisting the management of public order, maintenance of public facilities, cleaning of public areas, domestic assistance, gardening and landscaping, intra-community shuttle bus operations and other customer services. The Group has established a market reputation for the quality of these services. For example, Guangdong Management Co. has been certified by the Ministry of Construction as a class-one property management company, the highest level a PRC property management company can achieve.



— Country Garden — Eco City



## HOTEL OPERATION

The Group has developed and currently operated 7 five-star hotels and 2 four-star hotels, as well as 27 hotels which have been developed to the five-star rating standard under the “Star-Rating Standard for Tourist Hotels”. In addition, the Group has 12 hotels that are under construction in accordance with the five-star rating standard and 2 hotels that is under construction in accordance with the four-star rating standard of the “Star-Rating Standard for Tourist Hotels”.

The development status of the Group’s hotel properties as at 31 December 2012 is as follow:

Name of Hotel	Location	Actual/ *Estimated Opening Date	Number of Rooms	Star-rating <sup>(1)</sup>
Country Garden Holiday Resorts (順德碧桂園度假村)	Shunde Country Garden, Foshan, Guangdong Province	February 2000	201	Four-Star (in operation)
Phoenix City Hotel, Guangzhou (廣州鳳凰城酒店)	Country Garden Phoenix City, Guangzhou, Guangdong Province	November 2003	573	Five-Star (in operation)
Country Garden Holiday Islands Hotel (碧桂園假日半島酒店)	Qingyuan Holiday Islands Country Garden, Qingyuan, Guangdong Province	December 2004	225	Five-Star (in operation)
Country Garden Phoenix Hotel, Heshan (鶴山碧桂園鳳凰酒店)	Heshan Country Garden, Jiangmen, Guangdong Province	July 2005	283	Five-Star (in operation)
Country Garden Phoenix Hotel, Yangjiang (陽江碧桂園鳳凰酒店)	Yangdong Country Garden, Yangjiang, Guangdong Province	May 2007	342	Five-Star (in operation)
Country Garden Phoenix Hotel, Taishan (台山碧桂園鳳凰酒店)	Taishan Country Garden, Jiangmen, Guangdong Province	November 2007	337	Five-Star (in operation)
Country Garden Phoenix Hot Spring Hotel, Xianning (咸寧碧桂園鳳凰溫泉酒店)	Country Garden — Hot Spring City, Xianning, Hubei Province	November 2009	330	Five-Star (in operation)
Country Garden Phoenix Hotel, Gaoming (高明碧桂園鳳凰酒店)	Gaoming Country Garden, Foshan, Guangdong Province	November 2009	336	Five-Star (in operation)
Country Garden Phoenix Hotel, Jingmen (荊門碧桂園鳳凰酒店)	Jingmen Country Garden, Jingmen, Hubei Province	October 2010	138	Four-Star (in operation)
Country Garden Phoenix Hotel, Wuyi (五邑碧桂園鳳凰酒店)	Wuyi Country Garden, Jiangmen, Guangdong Province	December 2005	95	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Changsha (長沙碧桂園鳳凰酒店)	Changsha Country Garden, Changsha, Hunan Province	October 2007	343	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Zhaoqing (肇慶碧桂園鳳凰酒店)	Zhaoqing Country Garden, Zhaoqing, Guangdong Province	February 2009	285	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Xinhui (新會碧桂園鳳凰酒店)	Xinhui Country Garden, Jiangmen, Guangdong Province	March 2009	374	According to five-star rating standard (in operation)

## Business Overview

Name of Hotel	Location	Actual/ *Estimated Opening Date	Number of Rooms	Star-rating <sup>(1)</sup>
Country Garden Pheonix Hotel, Changshou, Chongqing (重慶長壽碧桂園鳳凰酒店)	Changshou Country Garden, Changshou, Chongqing Municipality	September 2010	335	According to five-star rating standard (in operation)
Maritim Hotel, Wuhu (蕪湖碧桂園瑪麗蒂姆酒店)	Wuhu Country Garden, Wuhu, Anhui Province	December 2010	602	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Wuhan (武漢碧桂園鳳凰酒店)	Wuhan Country Garden, Wuhan, Hubei Province	January 2011	331	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Binhui City (濱湖城碧桂園鳳凰酒店)	Country Garden Lakeside City, Hefei, Anhui Province	January 2011	336	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Huangshan (黃山碧桂園鳳凰酒店)	Huangshan Country Garden, Huangshan, Anhui Province	March 2011	378	According to five-star rating standard (in operation)
Country Garden Holiday Hotel, Shenyang (瀋陽碧桂園假日酒店)	Shenyang Country Garden, Shenyang, Liaoning Province	May 2011	50	According to five-star rating standard (in operation)
Maritim Hotel, Shenyang (瀋陽碧桂園瑪麗蒂姆酒店)	Country Garden — Galaxy Palace, Shenyang, Liaoning Province	July 2011	631	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Tianjin (天津碧桂園鳳凰酒店)	Tianjin Country Garden, Balitai, Tianjin Municipality	August 2011	249	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Shaoguan (韶關碧桂園鳳凰酒店)	Shaoguan Country Garden, Shaoguan, Guangdong Province	August 2011	335	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Suizhou (隨州碧桂園鳳凰酒店)	Suizhou Country Garden, Suizhou, Hubei Province	October 2011	378	According to five-star rating standard (in operation)
Country Garden Hill Lake Phoenix Hotel (碧桂園如山湖鳳凰酒店)	Country Garden — Hill Lake City, Maanshan, Anhui Province	November 2011	455	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Lechang (樂昌碧桂園鳳凰酒店)	Lechang Country Garden, Shaoguan, Guangdong Province	November 2011	129	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Ningxiang (寧鄉碧桂園鳳凰酒店)	Country Garden — Hill Lake Palace, Changsha, Hunan Province	December 2011	129	According to five-star rating standard (in operation)
Country Garden Europe City Phoenix Hotel (碧桂園歐洲城鳳凰酒店)	Country Garden — Europe City, Chuzhou, Anhui Province	December 2011	333	According to five-star rating standard (in operation)
Country Garden Holiday Hot Spring Hotel, Fogang (佛岡碧桂園假日溫泉酒店)	Country Garden Spring City, Qingyuan, Guangdong Province	April 2012	11	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Chizhou (池州碧桂園鳳凰酒店)	Chizhou Country Garden, Chizhou, Anhui Province	June 2012	338	According to five-star rating standard (in operation)



## Business Overview

Name of Hotel	Location	Actual/ *Estimated Opening Date	Number of Rooms	Star-rating <sup>(1)</sup>
Country Garden Phoenix Hotel, Tongliao (通遼碧桂園鳳凰酒店)	Tongliao Country Garden, Tongliao, Inner Mongolia	July 2012	321	According to five-star rating standard (in operation)
Country Garden Phoenix Hot Spring Hotel, Taizhou (泰州碧桂園鳳凰溫泉酒店)	Taizhou Country Garden, Taizhou, Jiangsu Province	July 2012	331	According to five-star rating standard (in operation)
Country Garden Phoenix City Hotel (碧桂園鳳凰城酒店)	Country Garden — Phoenix City, Zhenjiang, Jiangsu Province	September 2012	335	According to five-star rating standard (in operation)
Country Garden Silver Beach Hotel (碧桂園十里銀灘酒店)	Country Garden — Ten Miles Beach, Huizhou, Guangdong Province	October 2012	339	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Chaohu (巢湖碧桂園鳳凰酒店)	Chaohu Country Garden, Hefei, Anhui Province	November 2012	336	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Anqing (安慶碧桂園鳳凰酒店)	Anqing Country Garden, Anqing, Anhui Province	December 2012	336	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Huiyang (惠陽碧桂園鳳凰酒店)	Huiyang Country Garden, Huizhou, Guangdong Province	December 2012	129	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Haicheng (海城碧桂園鳳凰酒店) <sup>(2)</sup>	Haicheng Country Garden, Anshan, Liaoning Province	*2013	134	According to five-star rating standard (trial operation)
Country Garden Phoenix Hotel, Yunfu (雲浮碧桂園鳳凰酒店)	Yunfu Country Garden, Yunfu, Guangdong Province	*2013	129	According to five-star rating standard (under construction)
Hilton Tianjin Binhai (天津濱海希爾頓酒店)	Independent Hotel, Tanggu, Tianjin Municipality	*2014	1,238	According to five-star rating standard (under construction)
Country Garden Phoenix Hotel, Beiliu (北流碧桂園鳳凰酒店)	Beiliu Country Garden, Yulin, Guangxi Zhuang Autonomous Region	*2013	209	According to five-star rating standard (under construction)
Country Garden Phoenix Hotel, Xing'anmeng (興安盟碧桂園鳳凰酒店)	Xing'anmeng Country Garden, Xing'anmeng, Inner Mongolia	*2013	134	According to five-star rating standard (under construction)
Country Garden Phoenix Hotel, Yangshan (陽山碧桂園鳳凰酒店)	Yangshan Country Garden, Qingyuan, Guangdong Province	*2013	129	According to five-star rating standard (under construction)
Hilton Foshan (佛山希爾頓酒店)	Country Garden City Garden, Foshan, Guangdong Province	*2013	600	According to five-star rating standard (under construction)
Country Garden International Resort, Zhangjiajie (張家界碧桂園鳳凰國際度假酒店)	Zhangjiajie Country Garden, Zhangjiajie, Hunan Province	*2013	1,047	According to five-star rating standard (under construction)
Hilton Wuhan Optics Valley (武漢光谷希爾頓酒店)	Country Garden — Eco City, Wuhan, Hubei Province	*2013	510	According to five-star rating standard (under construction)

## Business Overview

Name of Hotel	Location	Actual/ *Estimated Opening Date	Number of Rooms	Star-rating <sup>(1)</sup>
Country Garden Holiday Hotel, Meizhou (梅州碧桂園假日酒店)	Shejiang Country Garden, Meizhou, Guangdong Province	*2013	50	According to four-star rating standard (under construction)
Country Garden Phoenix Hotel, Kaiping (開平碧桂園鳳凰酒店)	Country Garden — Jade Bay, Jiangmen, Guangdong Province	*2013	290	According to five-star rating standard (under construction)
Country Garden Phoenix Hotel, Maoming (茂名碧桂園鳳凰酒店)	Country Garden City Garden, Maoming, Guangdong Province	*2013	200	According to five-star rating standard (under construction)
Country Garden Golden Beach Hotel, Hainan (海南碧桂園金沙灘酒店)	Country Garden — Golden Beach, Lin'gao, Hainan Province	*2013	533	According to five-star rating standard (under construction)
Country Garden Spring City Holiday Hotel, Hainan (碧桂園小城之春假日酒店)	Country Garden Spring Town, Lin'gao, Hainan Province	*2013	113	According to four-star rating standard (under construction)

### Notes:

- (1) Hotels are only allowed to apply for star hotel certification after one year of operation.
- (2) Country Garden Phoenix Hotel, Haicheng commenced partial trial operation on 30 December 2012.



— Country Garden Phoenix Hotel, Anqing



## Business Overview

The following map shows where the 117 projects in China of the Group as of 31 December 2012 were located:



### Guangdong

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

47. Country Garden — Ten Miles Beach
48. Country Garden Spring City
49. Country Garden Grand Lake
50. Fengkai Country Garden
51. Haifeng Country Garden
52. Country Garden — Hill Lake Grand Palace
53. Ronggui Country Garden
54. Country Garden — Dongjiang Phoenix City
55. Meijiang Country Garden
56. Country Garden Grand Garden
57. Shilou Country Garden
58. Country Garden — Jade Bay
59. Country Garden — Forest Hill Garden
60. Shejiang Country Garden
61. Country Garden Shine Hill Lake City
62. Country Garden — Hill Lake Bay
63. Country Garden Hill Lake Bay
64. Country Garden — Jade Bay
65. Country Garden Times City
66. Tangxia Country Garden
67. Country Garden Spring City — Phase Two

### Guangxi

68. Beiliu Country Garden
69. Pingguo Country Garden

### Hunan

70. Changsha Country Garden
71. Country Garden — Hill Lake Palace
72. Yiyang Country Garden
73. Liuyang Country Garden
74. Xiangtan Country Garden
75. Zhangjiajie Country Garden
76. Country Garden Wonderland
77. Country Garden — Jade Hill

### Chongqing

78. Changshou Country Garden
79. Qianjiang Country Garden

### Hubei

80. Wuhan Country Garden
81. Xianning Country Garden
82. Suizhou Country Garden Country
83. Country Garden — Hot Spring City
84. Jingmen Country Garden
85. Country Garden — Eco City
86. Wuhan Country Garden Phase Three

### Jiangsu

87. Taizhou Country Garden
88. Country Garden — Phoenix City
89. Country Garden Triumph Palace
90. Yixing Country Garden

### Zhejiang

91. Hangzhou Country Garden

### Anhui

92. Country Garden Lakeside City
93. Chizhou Country Garden
94. Huangshan Country Garden
95. Wuhu Country Garden
96. Country Garden — Hill Lake City
97. Chaochu Country Garden
98. Anqing Country Garden
99. Country Garden — Europe City
100. Country Garden — City Garden

### Tianjin

101. Tianjin Country Garden
102. Country Garden — Deyu Office Building
103. Country Garden — Seashore City

### Liaoning

104. Shenyang Country Garden
105. Country Garden — Phoenix City
106. Country Garden — Sun Palace
107. Country Garden — Galaxy Palace
108. Haicheng Country Garden
109. Country Garden Grand Garden

### Inner Mongolia

110. Manzhouli Country Garden
111. Xing'anmeng Country Garden
112. Tongliao Country Garden

### Heilongjiang

113. Suihua Country Garden

### Hainan

114. Country Garden — Palm City
115. Country Garden Spring Town
116. Country Garden — Golden Beach

### Shandong

117. Country Garden — Phoenix City

In addition, the Group had 1 project in the State of Selangor of Malaysia as of 31 December 2012.

## Business Overview

### Completed property developments

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	Completed GFA <sup>(1)</sup> sq.m.	Total completed saleable GFA <sup>(1)</sup> sq.m.	Total saleable GFA sold and delivered <sup>(1)</sup> sq.m.	Total saleable GFA pre-sold pending delivery <sup>(1)</sup> sq.m.	Completion date
Country Garden East Court (碧桂園東苑)	Guangzhou (Panyu)	269,222	100%	240,550	238,860	235,251	—	29/Jun/02
Shawan Country Garden (沙灣碧桂園)	Guangzhou (Panyu)	278,834	100%	278,834	273,702	273,702	—	31/Dec/09
Huanan Country Garden — Phases One to Five and Phase Seven (華南碧桂園 — 一至五期及七期)	Guangzhou (Panyu)	1,075,096	100%	1,075,096	960,457	959,547	—	19/Dec/11
Huanan Country Garden — Phase Six (華南碧桂園 — 六期)	Guangzhou (Panyu)	423,467	50%	408,391	407,612	407,552	—	20/Dec/07
Licheng Country Garden (荔城碧桂園)	Guangzhou (Zengcheng)	568,729	100%	568,729	550,765	544,457	—	30/Jun/10
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	4,690,179	100%	4,268,651	4,040,752	3,868,471	11,778	28/Dec/12
Nansha Country Garden (南沙碧桂園)	Guangzhou (Nansha)	515,889	100%	515,889	491,002	489,750	—	28/Jun/10
Holiday Islands — Huadu (假日半島 — 花都)	Guangzhou (Huadu)	444,821	100%	418,169	403,637	320,229	6,132	18/Oct/12
Shunde Country Garden — including Country Garden West Court (順德碧桂園(含碧桂園西苑))	Foshan (Shunde)	2,579,303	100%	2,314,603	2,132,076	2,027,733	12,812	18/Dec/12
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	254,510	90%	224,458	214,110	214,110	—	20/Jun/11
Peninsula Country Garden (半島碧桂園)	Foshan (Shunde)	294,330	100%	294,330	287,043	286,021	1,022	16/Apr/08
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	985,801	100%	908,091	897,206	864,193	8,848	29/Sep/12
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	553,574	100%	553,574	542,780	540,783	—	30/Mar/11
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	2,074,213	100%	1,836,484	1,763,733	1,576,595	91,744	30/Oct/12
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	955,015	100%	863,823	822,672	803,089	742	16/Jun/12
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	588,519	100%	588,519	578,358	568,297	6,035	28/Dec/12
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	2,196,098	100%	780,549	758,816	618,911	15,581	19/Oct/12
Yangdong Country Garden (陽東碧桂園)	Yangjiang (Yangdong)	390,847	100%	390,847	370,202	368,654	—	21/Dec/10
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	1,001,317	100%	860,317	813,965	739,387	31,160	18/May/12
Zhaoqing Lanling Residence (肇慶藍領公寓)	Zhaoqing (Gaixin)	185,721	100%	185,721	105,861	6,401	—	26/Jun/09
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	465,756	51%	353,779	337,751	336,463	606	30/Oct/12
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	2,227,558	100%	1,290,993	1,260,882	1,185,767	29,941	29/Dec/12
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	734,390	100%	681,840	629,895	448,801	5,033	28/Nov/12
Huiyang Country Garden (惠陽碧桂園)	Huizhou (Huiyang)	1,020,908	90%	382,701	362,792	288,264	6,030	28/Dec/12
Manzhouli Country Garden (滿洲里碧桂園)	Hulunbeier (Manzhouli)	1,603,862	100%	83,864	83,569	71,348	787	30/Nov/09
Lechang Country Garden (樂昌碧桂園)	Shaoguan (Lechang)	1,419,056	100%	226,358	221,480	181,084	2,232	27/Dec/12
Country Garden — Sun Palace (碧桂園•太陽城)	Shenyang (Daoyi)	1,060,024	100%	296,874	293,814	222,385	13,151	30/Nov/12
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Huashan)	1,459,629	100%	336,821	333,520	226,868	5,539	10/Aug/12
Country Garden — Galaxy Palace (碧桂園•銀河城)	Shenyang (Yuhong)	2,142,691	100%	749,389	732,483	629,257	49,174	28/Nov/12
Country Garden — Phoenix City (碧桂園•鳳凰城)	Shenyang (Sujiatun)	1,583,946	100%	634,423	625,890	496,432	8,187	19/Jun/12
Erping Country Garden (恩平碧桂園)	Jiangmen (Erping)	293,441	100%	264,484	257,875	246,327	3,887	20/Oct/12
Country Garden — Hill Lake Palace (碧桂園•山湖城)	Changsha (Ningxiang)	456,680	100%	314,292	286,805	170,140	9,239	26/Aug/12
Country Garden Lakeside City (碧桂園濱湖城)	Hefei (Chaohu)	1,077,175	100%	623,838	615,752	506,247	11,316	13/Aug/12
Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	794,852	100%	281,743	277,051	270,802	2,879	4/Jan/12
Wuhan Country Garden (武漢碧桂園)	Wuhan (Hannan)	760,161	100%	426,642	406,387	282,493	13,489	30/Oct/12
Shaoguan Country Garden — Sun Palace (韶關碧桂園•太陽城)	Shaoguan (Xilian)	4,082,725	100%	306,198	301,317	295,317	727	30/Aug/12
Haicheng Country Garden (海城碧桂園)	Anshan (Haicheng)	459,835	100%	79,846	77,722	50,722	11,466	30/Nov/12
Xing'anmeng Country Garden (興安盟碧桂園)	Xing'anmeng (Keyouqianqi)	1,171,489	100%	308,117	294,297	192,541	12,404	15/Oct/12
Chizhou Country Garden (池州碧桂園)	Chizhou (Zhanqian)	385,362	100%	322,074	318,136	299,331	501	30/Aug/12
Country Garden — Hill Lake City (碧桂園•如山湖城)	Maanshan (Hexian)	960,481	100%	649,923	625,407	213,832	—	21/Oct/11
Shihui Country Garden (四會碧桂園)	Zhaoqing (Shihui)	47,102	100%	47,102	45,492	44,225	—	30/Jun/10
Xianning Country Garden (咸寧碧桂園)	Xianning (Xian'an)	907,254	100%	287,006	269,762	192,429	23,914	16/Jul/12
Country Garden — Hot Spring City (碧桂園•溫泉城)	Xianning (Xian'an)	1,130,048	100%	306,263	305,172	273,487	5,932	21/Jun/12



## Business Overview

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Suizhou Country Garden (隨州碧桂園)	Suizhou (Chengnan)	1,422,115	100%	354,970	350,020	302,124	3,102	25/Jun/12
Changshou Country Garden (長壽碧桂園)	Chongqing (Changshou)	434,317	100%	416,245	395,282	364,638	954	25/Jun/12
Tongliao Country Garden (通遼碧桂園)	Tongliao (Keerqin)	1,731,508	100%	202,293	201,350	168,484	21,204	27/Oct/12
Huangshan Country Garden (黃山碧桂園)	Huangshan (Tunxi)	330,879	100%	329,950	308,734	242,880	21,504	26/Nov/12
Anqing Country Garden (安慶碧桂園)	Anqing (Yingjiang)	1,745,272	100%	596,298	547,122	469,980	14,876	30/Dec/12
Wuhu Country Garden (蕪湖碧桂園)	Wuhu (Sanshanqu)	2,086,319	100%	803,890	769,932	570,040	16,570	29/Oct/12
Yiyang Country Garden (益陽碧桂園)	Yiyang (Yiyang)	1,347,405	100%	195,086	192,335	173,296	1,264	29/May/12
Chaozhou Country Garden (巢湖碧桂園)	Hefei (Chaozhou)	880,449	100%	331,399	302,137	262,860	419	30/May/12
Liuyang Country Garden (瀏陽碧桂園)	Changsha (Liuyang)	961,206	100%	177,661	173,055	148,126	6,884	16/Jan/12
Maoming Country Garden (茂名碧桂園)	Maoming (Maonan)	431,504	100%	309,264	293,472	247,566	3,750	29/Sep/12
Yangshan Country Garden (陽山碧桂園)	Qingyuan (Yangshan)	1,076,260	100%	177,760	175,127	163,647	1,775	28/Dec/12
Suihua Country Garden (綏化碧桂園)	Suihua (Beilin)	240,074	100%	149,298	148,875	131,187	11,714	27/Jul/12
Tianjin Country Garden (天津碧桂園)	Tianjin (Baizai)	1,004,803	100%	235,095	219,454	195,135	19,037	18/Sep/12
Jingmen Country Garden (荊門碧桂園)	Jingmen (Duodao)	571,264	100%	259,797	258,813	241,253	8,445	28/Dec/12
Country Garden – Lychee Park (碧桂園•荔枝園)	Guangzhou (Zengcheng)	88,837	100%	88,837	87,590	85,523	–	28/May/10
Zhaoqing Country Garden – Hill Lake Palace (肇慶碧桂園•山湖城)	Zhaoqing (Gaoyao)	261,361	51%	204,808	202,323	193,126	1,277	18/Sep/12
Country Garden – Park Prime (碧桂園•公園1號)	Jiangmen (Heshan)	239,416	100%	158,612	155,948	149,960	2,319	30/Aug/12
Country Garden – Grand Garden (碧桂園•豪園)	Guangzhou (Zengcheng)	1,024,506	100%	502,499	449,944	418,000	2,612	20/Nov/12
Country Garden – Sunshine Coast (碧桂園•陽光水岸)	Jiangmen (Kaiping)	48,718	100%	48,718	48,446	45,688	–	15/Dec/10
Holiday Islands – Qingyuan (假日半島—清遠)	Qingyuan (Qingcheng)	435,667	100%	435,667	433,927	361,992	61,049	30/Nov/12
Country Garden Wonderland (碧桂園山水桃源)	Foshan (Nanhai)	144,508	100%	144,508	143,410	91,417	1,109	19/Jan/12
Dalang Country Garden (大朗碧桂園)	Dongguan (Dalong)	377,334	100%	143,012	136,177	122,489	–	22/Aug/12
Country Garden Grand Palace (碧桂園豪庭)	Guangzhou (Nansha)	167,028	100%	160,139	151,204	144,428	1,755	27/Dec/12
Huaiji Country Garden (懷集碧桂園)	Zhaoqing (Huajiji)	237,662	100%	126,686	125,544	125,544	–	24/Aug/11
Country Garden City Garden (碧桂園城市花園)	Foshan (Chancheng)	448,851	90%	378,610	365,764	190,098	74,886	28/Dec/12
Country Garden Grand Palace (碧桂園豪庭)	Foshan (Shunde)	369,867	100%	369,867	365,179	223,740	35,492	21/Nov/12
Deqing Country Garden (德慶碧桂園)	Zhaoqing (Deqing)	195,723	100%	162,628	159,362	126,967	2,145	19/Sep/12
Yunfu Country Garden (雲浮碧桂園)	Yunfu (Jinshan)	483,984	100%	136,862	136,355	56,875	50,660	29/Nov/12
Beiliu Country Garden (北流碧桂園)	Yulin (Beiliu)	361,507	100%	115,884	109,688	104,017	49	4/Jan/12
Jianghai Country Garden (江海碧桂園)	Jiangmen (Jianghai)	469,170	100%	99,284	89,247	73,280	–	30/May/12
Xinhui Country Garden – Phase Four (新會碧桂園—四期)	Jiangmen (Xinhui)	407,496	100%	138,997	138,560	117,581	788	30/Jul/12
Country Garden – Ten Miles Beach (碧桂園•十里銀灘)	Huizhou (Huidong)	5,130,311	100%	170,161	137,166	124,600	3,060	27/Dec/12
Country Garden Spring City (碧桂園清泉城)	Qingyuan (Fogang)	511,690	100%	85,687	85,687	82,355	952	19/Jun/12
Country Garden Grand Lake (碧桂園秀麗湖)	Zhongshan (Wuguishan)	79,849	100%	79,849	74,534	38,545	2,481	31/Oct/12
Country Garden – Phoenix City (碧桂園•鳳凰城)	Zhenjiang (Jurong)	3,049,520	100%	490,729	468,979	125,819	263,502	27/Dec/12
Country Garden – Europe City (碧桂園•歐洲城)	Chuzhou (Nanqiao)	1,468,838	100%	194,666	183,762	56,622	23,096	31/Dec/12
Fengkai Country Garden (封開碧桂園)	Zhaoqing (Fengkai)	185,153	100%	101,190	98,222	83,568	5,963	27/Jul/12
Country Garden Grand Garden (碧桂園豪園)	Shenyang (Qipanshan)	123,801	100%	72,531	72,498	–	1,265	10/Sep/12
Haifeng Country Garden (海豐碧桂園)	Shanwei (Haifeng)	358,434	100%	155,893	150,398	132,854	1,498	28/Sep/12
Country Garden – Hill Lake Grand Palace (碧桂園•山水豪園)	Jiangmen (Heshan)	746,444	80%	66,474	66,111	33,616	16,697	29/Sep/12
Xiangtan Country Garden (湘潭碧桂園)	Xiangtan (Xiangtan)	255,953	100%	126,604	111,530	24,895	52,421	26/Nov/12
Ronggui Country Garden (容桂碧桂園)	Foshan (Shunde)	309,151	100%	26,402	26,402	–	1,800	26/Oct/12
Country Garden – City Garden (碧桂園•城市花園)	Chuzhou (Laiian)	1,429,340	100%	77,533	69,829	22,770	–	26/Oct/12

## Business Overview

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	Completed GFA <sup>(1)</sup> sq.m.	Total completed saleable GFA <sup>(1)</sup> sq.m.	Total saleable GFA sold and delivered <sup>(1)</sup> sq.m.	Total saleable GFA pre-sold pending delivery <sup>(1)</sup> sq.m.	Completion date
Country Garden — Dongjiang Phoenix City (碧桂园•東江鳳凰城)	Heyuan (Yuancheng)	910,428	100%	117,724	116,983	89,567	5,651	24/Dec/12
Country Garden — Jade Bay (碧桂园•翡翠灣)	Jiangmen (Kaiping)	684,792	100%	109,996	109,312	73,291	22,210	15/Oct/12
Zhangjiajie Country Garden (張家界碧桂园)	Zhangjiajie (Yongding)	266,125	100%	23,685	—	—	—	28/Sep/10
Country Garden Wonderland (碧桂园•山水桃園)	Changsha (Ningxiang)	133,628	100%	50,830	48,352	29,589	1,681	15/Jun/12
Total:		82,238,377		36,734,773	35,071,001	30,067,727	1,170,204	

Note:

(1) Those are based on the surveying reports relevant government departments.

### Properties under development

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA under development <sup>(1)</sup> sq.m.	Total saleable GFA under development <sup>(1)</sup> sq.m.	Actual commencement date	Total saleable GFA pre-sold <sup>(1)</sup> sq.m.	Actual/Estimated pre-sale commencement date	Estimated completion date
Huanan Country Garden — Phase Six (華南碧桂园—六期)	Guangzhou (Panyu)	423,467	50%	1,076	—	15/Oct/04	—	—	1st Quarter, 2013
Country Garden Phoenix City (碧桂园鳳凰城)	Guangzhou (Zengcheng)	4,690,179	100%	170,144	168,685	29/Apr/07	94,722	30/Apr/08	4th Quarter, 2013
Holiday Islands — Huadu (假日半島—花都)	Guangzhou (Huadu)	444,821	100%	5,691	—	11/May/06	—	—	2nd Quarter, 2013
Shunde Country Garden — including Country Garden West Court (順德碧桂园(含碧桂园西苑))	Foshan (Shunde)	2,579,303	100%	155,097	60,844	25/Aug/08	15,745	30/Oct/12	4th Quarter, 2013
Gaoming Country Garden (高明碧桂园)	Foshan (Gaoming)	985,801	100%	64,710	64,284	31/May/06	4,512	28/Apr/12	2nd Quarter, 2013
Heshan Country Garden (鶴山碧桂园)	Jiangmen (Heshan)	2,074,213	100%	31,418	31,208	20/May/10	19,273	18/Mar/11	1st Quarter, 2013
Wuyi Country Garden (五邑碧桂园)	Jiangmen (Pengjiang)	955,015	100%	91,192	87,798	28/Jan/11	72,589	22/Sep/11	2nd Quarter, 2013
Taishan Country Garden (台山碧桂园)	Jiangmen (Taishan)	2,196,098	100%	290,435	282,238	29/Feb/08	61,711	30/Nov/11	3rd Quarter, 2013
Zhaoqing Country Garden (肇慶碧桂园)	Zhaoqing (Gaoyao)	465,756	51%	63,480	63,480	15/Aug/11	49,342	13/Apr/12	4th Quarter, 2013
Shaoguan Country Garden (韶關碧桂园)	Shaoguan (Zhenjiang)	2,227,558	100%	250,909	248,770	17/Jan/07	99,812	25/Apr/12	2nd Quarter, 2013
Taizhou Country Garden (泰州碧桂园)	Taizhou (Hailing)	734,390	100%	52,550	49,680	27/Jun/07	12,303	14/Dec/11	4th Quarter, 2013
Huiyang Country Garden (惠陽碧桂园)	Huizhou (Huiyang)	1,020,908	90%	240,977	240,787	30/Jun/09	26,453	23/Dec/11	4th Quarter, 2013
Manzhouli Country Garden (滿洲里碧桂园)	Hulunbeier (Manzhouli)	1,603,862	100%	261,959	258,451	23/Jul/07	14,782	20/Sep/11	2nd Quarter, 2014
Lechang Country Garden (樂昌碧桂园)	Shaoguan (Lechang)	1,419,056	100%	130,833	128,973	11/Apr/08	14,204	27/Jul/12	2nd Quarter, 2014
Country Garden — Sun Palace (碧桂园•太陽城)	Shenyang (Daoyi)	1,060,024	100%	148,629	141,893	6/Nov/07	57,394	17/Oct/11	4th Quarter, 2013
Shenyang Country Garden (瀋陽碧桂园)	Shenyang (Huashan)	1,459,629	100%	69,919	67,717	8/Sep/07	—	1st Quarter, 2013	4th Quarter, 2013
Country Garden — Galaxy Palace (碧桂园•銀河城)	Shenyang (Yuhong)	2,142,691	100%	438,778	377,819	3/Nov/10	248,820	14/Feb/11	4th Quarter, 2014



## Business Overview

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA under development <sup>(1)</sup> sq.m.	Total saleable GFA under development <sup>(1)</sup> sq.m.	Actual commencement date	Total saleable GFA pre-sold <sup>(1)</sup> sq.m.	Actual/Estimated pre-sale commencement date	Estimated completion date
Country Garden — Phoenix City (碧桂園•鳳凰城)	Shenyang (Sujiatun)	1,583,946	100%	450,616	444,688	26/Jun/08	56,840	23/Apr/12	2nd Quarter, 2014
Enping Country Garden (恩平碧桂園)	Jiangmen (Enping)	293,441	100%	17,682	17,587	22/Jun/12	6,528	15/Nov/12	3rd Quarter, 2013
Country Garden — Hill Lake Palace (碧桂園•山湖城)	Changsha (Ningxiang)	456,680	100%	13,134	13,134	16/Oct/08	—	1st Quarter, 2013	2nd Quarter, 2013
Country Garden Lakeside City (碧桂園濱湖城)	Hefei (Chaohu)	1,077,175	100%	170,606	162,126	13/Dec/07	80,628	13/Oct/11	2nd Quarter, 2013
Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	794,852	100%	171,953	166,095	13/Apr/11	154,824	19/Oct/11	4th Quarter, 2013
Wuhan Country Garden (武漢碧桂園)	Wuhan (Hannan)	760,161	100%	239,496	223,954	30/Jun/08	2,741	13/Jun/11	4th Quarter, 2013
Shaoguan Country Garden — Sun Palace (韶關碧桂園•太陽城)	Shaoguan (Xilian)	4,082,725	100%	445,627	444,952	28/Dec/09	112,529	17/Jun/11	1st Quarter, 2013
Haicheng Country Garden (海城碧桂園)	Anshan (Haicheng)	459,835	100%	48,939	46,470	20/Oct/11	26,441	3/Nov/11	3rd Quarter, 2013
Xing'anmeng Country Garden (興安盟碧桂園)	Xing'anmeng (Keyouqiang)	1,171,489	100%	87,632	84,588	29/Jun/12	43,437	4/Jul/12	2nd Quarter, 2014
Chizhou Country Garden (池州碧桂園)	Chizhou (Zhanqian)	385,362	100%	55,390	53,889	24/Aug/12	9,510	12/Nov/12	2nd Quarter, 2014
Country Garden — Hill Lake City (碧桂園•如山湖城)	Maanshan (Hexian)	960,481	100%	53,258	53,138	17/Jul/12	—	1st Quarter, 2013	3rd Quarter, 2013
Xianning Country Garden (咸寧碧桂園)	Xianning (Xian'an)	907,254	100%	149,683	147,084	29/Nov/11	9,515	13/Jun/12	4th Quarter, 2013
Country Garden — Hot Spring City (碧桂園•溫泉城)	Xianning (Xian'an)	1,130,048	100%	104,750	104,412	19/May/11	13,926	28/Sep/12	2nd Quarter, 2013
Suizhou Country Garden (隨州碧桂園)	Suizhou (Chengnan)	1,422,115	100%	161,629	161,629	21/May/08	58,096	28/Sep/11	3rd Quarter, 2013
Changshou Country Garden (長壽碧桂園)	Chongqing (Changshou)	434,317	100%	18,072	17,726	7/Dec/12	8,197	26/Oct/12	4th Quarter, 2013
Tongliao Country Garden (通遼碧桂園)	Tongliao (Keerqin)	1,731,508	100%	326,041	306,670	3/Nov/07	107,606	29/Jun/11	4th Quarter, 2013
Huangshan Country Garden (黃山碧桂園)	Huangshan (Tunxi)	330,879	100%	929	—	28/Sep/11	—	—	2nd Quarter, 2013
Anqing Country Garden (安慶碧桂園)	Anqing (Yingjiang)	1,745,272	100%	299,043	252,136	19/Jun/08	174,199	25/Nov/11	2nd Quarter, 2013
Wuhu Country Garden (蕪湖碧桂園)	Wuhu (Sanshanqu)	2,086,319	100%	39,895	—	27/Jun/08	—	—	4th Quarter, 2013
Yiyang Country Garden (益陽碧桂園)	Yiyang (Yiyang)	1,347,405	100%	205,677	203,999	20/Feb/12	103,303	1/Jun/12	4th Quarter, 2013
Chaohu Country Garden (巢湖碧桂園)	Hefei (Chaohu)	880,449	100%	124,069	113,877	11/Aug/08	46,442	26/Sep/11	3rd Quarter, 2013
Liuyang Country Garden (瀏陽碧桂園)	Changsha (Liuyang)	961,206	100%	202,481	202,234	28/Mar/12	50,548	29/Mar/12	2nd Quarter, 2013
Maoming Country Garden (茂名碧桂園)	Maoming (Maonan)	431,504	100%	92,925	89,660	10/Dec/11	7,102	23/Apr/12	2nd Quarter, 2013
Yangshan Country Garden (陽山碧桂園)	Qingyuan (Yangshan)	1,076,260	100%	89,821	89,666	29/Feb/12	21,458	27/Jun/12	2nd Quarter, 2014
Suihua Country Garden (綏化碧桂園)	Suihua (Beilin)	240,074	100%	31,776	31,776	10/Nov/12	10,905	19/Nov/12	3rd Quarter, 2014
Tianjin Country Garden (天津碧桂園)	Tianjin (Baitai)	1,004,803	100%	427,369	396,443	14/Oct/10	92,853	31/Aug/11	4th Quarter, 2013
Jingmen Country Garden (荊門碧桂園)	Jingmen (Duodao)	571,264	100%	94,717	89,871	12/May/11	9,097	13/Jun/12	2nd Quarter, 2013
Zhaoqing Country Garden — Hill Lake Palace (肇慶碧桂園•山湖城)	Zhaoqing (Gaoyao)	261,361	51%	56,553	53,443	25/Apr/10	20,302	19/Mar/12	2nd Quarter, 2013
Country Garden — Grand Garden (碧桂園•豪園)	Guangzhou (Zengcheng)	1,024,506	100%	81,343	81,343	19/Apr/10	49,785	21/Sep/12	4th Quarter, 2013

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Dalang Country Garden (大朗碧桂園)	Dongguan (Dalang)	377,334	100%	234,322	232,459	25/Sep/10	199,173	20/Sep/11	1st Quarter, 2013
Country Garden Grand Palace (碧桂園豪庭)	Guangzhou (Nansha)	167,028	100%	6,889	4,690	20/May/10	2,122	15/Aug/11	1st Quarter, 2013
Country Garden City Garden (碧桂園城市花園)	Foshan (Chancheng)	448,851	90%	70,241	66,107	26/May/11	29,028	23/Dec/11	1st Quarter, 2013
Deqing Country Garden (德慶碧桂園)	Zhaoqing (Deqing)	195,723	100%	33,095	32,988	13/Jul/11	15,230	30/Apr/12	2nd Quarter, 2013
Yunfu Country Garden (雲浮碧桂園)	Yunfu (Jinshan)	483,984	100%	177,679	129,551	24/Feb/11	52,648	10/Sep/12	2nd Quarter, 2014
Beiliu Country Garden (北流碧桂園)	Yulin (Beiliu)	361,507	100%	141,559	140,689	25/Sep/10	34,398	17/Dec/11	1st Quarter, 2014
Jianghai Country Garden (江海碧桂園)	Jiangmen (Jianghai)	469,170	100%	163,914	163,489	18/Jan/11	127,063	13/Jan/12	4th Quarter, 2013
Xinhui Country Garden – Phase Four (新會碧桂園—四期)	Jiangmen (Xinhui)	407,496	100%	264,600	261,579	7/Jan/11	117,330	14/Mar/12	2nd Quarter, 2014
Country Garden City Garden (碧桂園城市花園)	Maoming (Dianbai)	198,742	100%	198,742	197,930	31/Dec/11	90,442	13/Aug/12	2nd Quarter, 2013
Country Garden – Ten Miles Beach (碧桂園•十里銀灘)	Huizhou (Huidong)	5,130,311	100%	1,126,950	1,078,894	14/Jun/11	869,653	27/Jun/11	2nd Quarter, 2014
Country Garden Spring City (碧桂園清泉城)	Qingyuan (Fogang)	511,690	100%	185,661	185,661	2/Apr/10	83,069	28/Apr/11	3rd Quarter, 2013
Country Garden – Phoenix City (碧桂園•鳳凰城)	Zhenjiang (Jurong)	3,049,520	100%	461,693	451,161	11/Jan/11	197,667	29/Apr/11	2nd Quarter, 2013
Country Garden – Europe City (碧桂園•歐洲城)	Chuzhou (Nanqiao)	1,468,838	100%	299,542	291,178	12/Oct/10	56,527	22/Jul/11	4th Quarter, 2013
Fengkai Country Garden (封開碧桂園)	Zhaoqing (Fengkai)	185,153	100%	83,963	81,269	14/Oct/10	18,501	17/Feb/12	2nd Quarter, 2014
Country Garden Grand Garden (碧桂園豪園)	Shenyang (Qipanshan)	123,801	100%	1,124	1,124	12/Apr/11	—	8/Jul/11	1st Quarter, 2013
Haifeng Country Garden (海豐碧桂園)	Shanwei (Haifeng)	358,434	100%	160,956	157,735	29/Aug/11	143,933	25/Apr/12	1st Quarter, 2013
Hangzhou Country Garden (杭州碧桂園)	Hangzhou (Xiasha)	183,990	100%	183,990	176,196	14/Apr/12	—	13/Dec/12	1st Quarter, 2014
Country Garden Triumph Palace (碧桂園凱旋華庭)	Wuxi (Xishan)	298,932	100%	241,104	230,945	6/Jul/11	137,944	27/Oct/11	2nd Quarter, 2013
Country Garden – Hill Lake Grand Palace (碧桂園•山水豪園)	Jiangmen (Heshan)	746,444	80%	102,531	96,466	18/Feb/11	30,754	2/Dec/11	3rd Quarter, 2013
Xiangtan Country Garden (湘潭碧桂園)	Xiangtan (Xiangtan)	255,953	100%	46,137	36,254	31/May/11	9,919	30/Aug/12	4th Quarter, 2013
Ronggui Country Garden (容桂碧桂園)	Foshan (Shunde)	309,151	100%	282,749	278,946	28/Jun/11	5,969	12/Jul/12	4th Quarter, 2013
Country Garden – City Garden (碧桂園•城市花園)	Chuzhou (Lai'an)	1,429,340	100%	501,771	501,771	2/Aug/11	229,444	30/Sep/11	2nd Quarter, 2013
Country Garden – Dongjiang Phoenix City (碧桂園•東江鳳凰城)	Heyuan (Yuancheng)	910,428	100%	249,967	245,063	31/May/11	134,428	30/Sep/11	2nd Quarter, 2014
Meijiang Country Garden (梅江碧桂園)	Meizhou (Meijiang)	302,837	100%	302,837	296,400	5/Jul/11	241,196	14/Dec/11	3rd Quarter, 2013
Country Garden Grand Garden (碧桂園豪園)	Dongguan (Tangxia)	296,832	70%	296,832	277,203	19/Mar/12	1,759	2/Nov/12	3rd Quarter, 2014
Shilou Country Garden (石樓碧桂園)	Guangzhou (Panyu)	171,229	100%	144,316	136,343	29/Dec/11	16,090	1/May/12	2nd Quarter, 2013
Country Garden – Jade Bay (碧桂園•翡翠灣)	Jiangmen (Kaiping)	684,792	100%	202,789	199,078	30/Sep/11	40,457	25/Dec/11	2nd Quarter, 2013
Zhangjiajie Country Garden (張家界碧桂園)	Zhangjiajie (Yongding)	266,125	100%	31,826	31,742	20/Jul/12	1,409	5/Nov/12	4th Quarter, 2013
Country Garden Wonderland (碧桂園•山水桃園)	Changsha (Ningxiang)	133,628	100%	42,711	42,579	30/Nov/11	573	13/Dec/11	2nd Quarter, 2013
Country Garden Forest Hill Garden (碧桂園天麓山花園)	Dongguan (Tangxia)	439,028	100%	279,484	250,508	21/Mar/12	39,788	14/Aug/12	2nd Quarter, 2014



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Shejiang Country Garden (舍江碧桂園)	Meizhou (Meixian)	236,359	100%	42,724	42,244	15/Nov/11	11,935	16/Apr/12	2nd Quarter, 2013
Country Garden Shine Hill Lake City (碧桂園新亞山湖城)	Qingyuan (Qingcheng)	1,145,923	51%	71,243	71,243	24/Nov/11	51,213	1/Apr/12	4th Quarter, 2013
Country Garden — Eco City (碧桂園•生態城)	Wuhan (Hongshan)	296,773	55%	296,773	283,294	27/Jun/12	84,145	29/Sep/12	4th Quarter, 2013
Country Garden — Jade Hill (碧桂園•翡翠山)	Chenzhou (Suxian)	314,692	100%	197,214	194,458	15/Feb/12	150,877	27/Jul/12	2nd Quarter, 2013
Country Garden Hill Lake Bay (碧桂園山湖灣)	Guangzhou (Nansha)	508,082	100%	246,196	240,546	28/Jun/12	21,976	30/Nov/12	4th Quarter, 2014
Country Garden — Phoenix City (碧桂園•鳳凰城)	Ji'nan (Zhangqiu)	315,910	100%	141,340	130,604	30/Jul/12	64,257	26/Sep/12	3rd Quarter, 2013
Country Garden — Seashore City (碧桂園•濱海城)	Tianjin (Binhai New Area)	113,807	100%	53,339	52,944	11/Dec/12	—	2nd Quarter, 2013	4th Quarter, 2013
Country Garden — Palm City (碧桂園•椰城)	Wenchang (Tanniu)	118,030	100%	46,764	40,225	22/Feb/12	7,258	30/Mar/12	2nd Quarter, 2013
Country Garden — Hill Lake Bay (碧桂園•山湖灣)	Jiangmen (Xinhui)	322,439	100%	134,070	121,944	27/Jul/12	28,902	23/Nov/12	4th Quarter, 2013
Pingguo Country Garden (平果碧桂園)	Baise (Pingguo)	201,217	100%	86,794	77,802	15/Mar/12	28,713	24/Aug/12	2nd Quarter, 2013
Qianjiang Country Garden (黔江碧桂園)	Chongqing (Qianjiang)	199,646	100%	87,186	83,543	30/Aug/12	3,569	15/Dec/12	3rd Quarter, 2013
Country Garden — Jade Bay (碧桂園•翡翠灣)	Meizhou (Jiaoling)	80,359	100%	80,359	70,621	21/Aug/12	53,694	26/Oct/12	4th Quarter, 2013
Country Garden Times City (碧桂園時代城)	Dongguan (Tangxia)	124,846	51%	124,846	119,366	10/Jan/12	56,150	26/Sep/12	3rd Quarter, 2013
Country Garden Spring Town (碧桂園小城之春)	Lin'gao (Lin'gao)	34,775	51%	34,775	34,775	27/Jul/11	8,553	27/Jul/11	4th Quarter, 2013
Country Garden — Golden Beach (碧桂園•金沙灘)	Lin'gao (Lin'gao)	169,610	51%	169,610	167,762	8/Nov/12	—	28/Nov/12	3rd Quarter, 2014
Yixing Country Garden (宜興碧桂園)	Wuxi (Yixing)	199,890	100%	163,679	160,086	31/Dec/12	—	3rd Quarter, 2013	3rd Quarter, 2014
Country Garden Spring City — Phase Two (碧桂園清泉城二期)	Qingyuan (Fogang)	25,072	95%	25,072	25,072	28/Nov/12	181	30/Nov/12	4th Quarter, 2013
Total:		80,869,183		15,250,861	14,517,744		5,566,411		

Note:

(1) Those are based on the actual measurements by the project management department of the Group.

## Properties for future development — Projects in China

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA for future development <sup>(1)</sup> sq.m.	Estimated commencement date	Estimated pre-sale commencement date	Estimated completion date
Country Garden East Court (碧桂園東苑)	Guangzhou (Panyu)	269,222	100%	28,672	2nd Quarter, 2013	3rd Quarter, 2014	2nd Quarter, 2015
Huanan Country Garden — Phase Six (華南碧桂園一六期)	Guangzhou (Panyu)	423,467	50%	14,000	2nd Quarter, 2013	—	2nd Quarter, 2014
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	4,690,179	100%	251,384	2nd Quarter, 2013	4th Quarter, 2013	2nd Quarter, 2015
Holiday Islands — Huadu (假日半島—花都)	Guangzhou (Huadu)	444,821	100%	20,961	2nd Quarter, 2013	4th Quarter, 2013	4th Quarter, 2014

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Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA for future development <sup>(1)</sup> sq.m.	Estimated commencement date	Estimated pre-sale commencement date	Estimated completion date
Shunde Country Garden — including Country Garden West Court (順德碧桂園(含碧桂園西苑))	Foshan (Shunde)	2,579,303	100%	109,603	1st Quarter, 2013	3rd Quarter, 2013	4th Quarter, 2014
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	254,510	90%	30,052	1st Quarter, 2014	3rd Quarter, 2014	4th Quarter, 2015
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	985,801	100%	13,000	1st Quarter, 2013	—	2nd Quarter, 2014
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	2,074,213	100%	206,311	1st Quarter, 2013	4th Quarter, 2013	4th Quarter, 2014
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	2,196,098	100%	1,125,114	1st Quarter, 2013	3rd Quarter, 2013	4th Quarter, 2017
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	1,001,317	100%	141,000	1st Quarter, 2013	2nd Quarter, 2013	3rd Quarter, 2014
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	465,756	51%	48,497	1st Quarter, 2013	2nd Quarter, 2013	4th Quarter, 2013
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	2,227,558	100%	685,656	1st Quarter, 2013	4th Quarter, 2013	4th Quarter, 2015
Huiyang Country Garden (惠陽碧桂園)	Huizhou (Huiyang)	1,020,908	90%	397,230	2nd Quarter, 2013	4th Quarter, 2013	4th Quarter, 2016
Manzhouli Country Garden (滿洲里碧桂園)	Hulunbeier (Manzhouli)	1,603,862	100%	1,258,039	2nd Quarter, 2013	1st Quarter, 2014	4th Quarter, 2024
Lechang Country Garden (樂昌碧桂園)	Shaoguan (Lechang)	1,419,056	100%	1,061,865	2nd Quarter, 2013	4th Quarter, 2013	4th Quarter, 2015
Country Garden — Sun Palace (碧桂園•太陽城)	Shenyang (Daoyi)	1,060,024	100%	614,521	1st Quarter, 2013	2nd Quarter, 2013	4th Quarter, 2014
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Huashan)	1,459,629	100%	1,052,889	1st Quarter, 2013	2nd Quarter, 2013	4th Quarter, 2015
Country Garden — Galaxy Palace (碧桂園•銀河城)	Shenyang (Yuhong)	2,142,691	100%	954,524	1st Quarter, 2013	2nd Quarter, 2013	4th Quarter, 2015
Country Garden — Phoenix City (碧桂園•鳳凰城)	Shenyang (Sujiatun)	1,583,946	100%	498,907	2nd Quarter, 2013	4th Quarter, 2013	2nd Quarter, 2015
Enping Country Garden (恩平碧桂園)	Jiangmen (Enping)	293,441	100%	11,275	2nd Quarter, 2013	—	4th Quarter, 2014
Country Garden — Hill Lake Palace (碧桂園•山湖城)	Changsha (Ningxiang)	456,680	100%	129,254	1st Quarter, 2013	2nd Quarter, 2013	4th Quarter, 2014
Country Garden Lakeside City (碧桂園濱湖城)	Hefei (Chaohu)	1,077,175	100%	282,731	2nd Quarter, 2013	3rd Quarter, 2013	4th Quarter, 2014
Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	794,852	100%	341,156	1st Quarter, 2013	2nd Quarter, 2013	1st Quarter, 2014
Wuhan Country Garden (武漢碧桂園)	Wuhan (Hannan)	760,161	100%	94,023	1st Quarter, 2013	2nd Quarter, 2013	1st Quarter, 2014
Shaoguan Country Garden — Sun Palace (韶關碧桂園•太陽城)	Shaoguan (Xilian)	4,082,725	100%	3,330,900	2nd Quarter, 2013	4th Quarter, 2013	4th Quarter, 2024
Haicheng Country Garden (海城碧桂園)	Anshan (Haicheng)	459,835	100%	331,050	1st Quarter, 2013	2nd Quarter, 2013	4th Quarter, 2015
Xing'anmeng Country Garden (興安盟碧桂園)	Xing'anmeng (Keyouqianqi)	1,171,489	100%	775,740	2nd Quarter, 2013	3rd Quarter, 2013	4th Quarter, 2016
Chizhou Country Garden (池州碧桂園)	Chizhou (Zhanqian)	385,362	100%	7,898	1st Quarter, 2013	—	4th Quarter, 2013
Country Garden — Hill Lake City (碧桂園•如山湖城)	Maanshan (Hexian)	960,481	100%	257,300	2nd Quarter, 2013	1st Quarter, 2014	1st Quarter, 2015
Xianning Country Garden (咸寧碧桂園)	Xianning (Xian'an)	907,254	100%	470,565	1st Quarter, 2013	2nd Quarter, 2013	1st Quarter, 2014
Country Garden — Hot Spring City (碧桂園•溫泉城)	Xianning (Xian'an)	1,130,048	100%	719,035	1st Quarter, 2013	1st Quarter, 2013	4th Quarter, 2013
Suizhou Country Garden (隨州碧桂園)	Suizhou (Chengnan)	1,422,115	100%	905,516	1st Quarter, 2013	1st Quarter, 2013	4th Quarter, 2015
Tongliao Country Garden (通遼碧桂園)	Tongliao (Keerqin)	1,731,508	100%	1,203,174	2nd Quarter, 2013	4th Quarter, 2013	4th Quarter, 2016
Anqing Country Garden (安慶碧桂園)	Anqing (Yingjiang)	1,745,272	100%	849,931	1st Quarter, 2013	2nd Quarter, 2013	4th Quarter, 2014
Wuhu Country Garden (蕪湖碧桂園)	Wuhu (Sanshanqu)	2,086,319	100%	1,242,534	1st Quarter, 2013	4th Quarter, 2013	4th Quarter, 2018
Yiyang Country Garden (益陽碧桂園)	Yiyang (Yiyang)	1,347,405	100%	946,642	1st Quarter, 2013	3rd Quarter, 2013	4th Quarter, 2014



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Chaohu Country Garden (巢湖碧桂園)	Hefei (Chaohu)	880,449	100%	424,981	1st Quarter, 2013	2nd Quarter, 2013	4th Quarter, 2014
Liuyang Country Garden (瀏陽碧桂園)	Changsha (Liuyang)	961,206	100%	581,064	1st Quarter, 2013	3rd Quarter, 2013	4th Quarter, 2014
Maoming Country Garden (茂名碧桂園)	Maoming (Maonan)	431,504	100%	29,315	1st Quarter, 2013	2nd Quarter, 2013	1st Quarter, 2014
Yangshan Country Garden (陽山碧桂園)	Qingyuan (Yangshan)	1,076,260	100%	808,679	1st Quarter, 2013	3rd Quarter, 2013	1st Quarter, 2014
Suihua Country Garden (綏化碧桂園)	Suihua (Beilin)	240,074	100%	59,000	1st Quarter, 2013	3rd Quarter, 2013	3rd Quarter, 2014
Country Garden — Deyu Office Building (碧桂園•德域大廈)	Tianjin (Tanggu)	114,504	100%	114,504	1st Quarter, 2013	3rd Quarter, 2013	4th Quarter, 2013
Tianjin Country Garden (天津碧桂園)	Tianjin (Balitai)	1,004,803	100%	342,339	2nd Quarter, 2013	3rd Quarter, 2013	2nd Quarter, 2015
Jingmen Country Garden (荊門碧桂園)	Jingmen (Duodao)	571,264	100%	216,750	1st Quarter, 2013	2nd Quarter, 2013	1st Quarter, 2014
Country Garden — Park Prime (碧桂園•公園1號)	Jiangmen (Heshan)	239,416	100%	80,804	1st Quarter, 2013	3rd Quarter, 2013	4th Quarter, 2014
Country Garden — Grand Garden (碧桂園•豪園)	Guangzhou (Zengcheng)	1,024,506	100%	440,664	2nd Quarter, 2013	4th Quarter, 2013	3rd Quarter, 2015
Huaiji Country Garden (懷集碧桂園)	Zhaoqing (Huaji)	237,662	100%	110,976	1st Quarter, 2013	2nd Quarter, 2013	2nd Quarter, 2014
Yunfu Country Garden (雲浮碧桂園)	Yunfu (Jinshan)	483,984	100%	169,443	1st Quarter, 2013	2nd Quarter, 2013	2nd Quarter, 2014
Beiliu Country Garden (北流碧桂園)	Yulin (Beiliu)	361,507	100%	104,064	1st Quarter, 2013	2nd Quarter, 2013	2nd Quarter, 2014
Jianghai Country Garden (江海碧桂園)	Jiangmen (Jianghai)	469,170	100%	205,972	1st Quarter, 2013	2nd Quarter, 2013	2nd Quarter, 2015
Xinhui Country Garden — Phase Four (新會碧桂園—四期)	Jiangmen (Xinhui)	407,496	100%	3,899	3rd Quarter, 2013	—	2nd Quarter, 2015
Country Garden — Ten Miles Beach (碧桂園•十里銀灘)	Huizhou (Huidong)	5,130,311	100%	3,833,200	1st Quarter, 2013	2nd Quarter, 2013	4th Quarter, 2015
Country Garden Spring City (碧桂園清泉城)	Qingyuan (Fogang)	511,690	100%	240,342	1st Quarter, 2013	3rd Quarter, 2013	2nd Quarter, 2014
Country Garden — Phoenix City (碧桂園•鳳凰城)	Zhenjiang (Jurong)	3,049,520	100%	2,097,098	1st Quarter, 2013	2nd Quarter, 2013	4th Quarter, 2015
Country Garden — Europe City (碧桂園•歐洲城)	Chuzhou (Nanqiao)	1,468,838	100%	974,630	1st Quarter, 2013	2nd Quarter, 2013	1st Quarter, 2015
Country Garden Grand Garden (碧桂園豪園)	Shenyang (Qipanshan)	123,801	100%	50,146	1st Quarter, 2013	2nd Quarter, 2013	1st Quarter, 2014
Haifeng Country Garden (海豐碧桂園)	Shanwei (Haifeng)	358,434	100%	41,585	1st Quarter, 2013	—	2nd Quarter, 2014
Country Garden Triumph Palace (碧桂園凱旋華庭)	Wuxi (Xishan)	298,932	100%	57,828	1st Quarter, 2013	2nd Quarter, 2013	1st Quarter, 2014
Country Garden — Hill Lake Grand Palace (碧桂園•山水豪園)	Jiangmen (Heshan)	746,444	80%	577,439	1st Quarter, 2013	3rd Quarter, 2013	4th Quarter, 2014
Xiangtan Country Garden (湘潭碧桂園)	Xiangtan (Xiangtan)	255,953	100%	83,212	1st Quarter, 2013	2nd Quarter, 2013	4th Quarter, 2014
Country Garden — City Garden (碧桂園•城市花園)	Chuzhou (Lai'an)	1,429,340	100%	850,036	1st Quarter, 2013	2nd Quarter, 2013	4th Quarter, 2015
Country Garden — Dongjiang Phoenix City (碧桂園•東江鳳凰城)	Heyuan (Yuancheng)	910,428	100%	542,737	1st Quarter, 2013	2nd Quarter, 2013	4th Quarter, 2014
Shilou Country Garden (石樓碧桂園)	Guangzhou (Panyu)	171,229	100%	26,913	3rd Quarter, 2013	—	1st Quarter, 2015
Country Garden — Jade Bay (碧桂園•翡翠灣)	Jiangmen (Kaiping)	684,792	100%	372,007	2nd Quarter, 2013	4th Quarter, 2013	4th Quarter, 2014
Zhangjiajie Country Garden (張家界碧桂園)	Zhangjiajie (Yongding)	266,125	100%	210,614	2nd Quarter, 2013	3rd Quarter, 2013	4th Quarter, 2014
Country Garden Wonderland (碧桂園•山水桃源)	Changsha (Ningxiang)	133,628	100%	40,087	1st Quarter, 2013	3rd Quarter, 2013	4th Quarter, 2014
Country Garden Forest Hill Garden (碧桂園天麓山花園)	Dongguan (Tangxia)	439,028	100%	159,544	2nd Quarter, 2013	4th Quarter, 2013	1st Quarter, 2015
Shejiang Country Garden (舍江碧桂園)	Meizhou (Meixian)	236,359	100%	193,635	1st Quarter, 2013	1st Quarter, 2014	1st Quarter, 2015
Country Garden Shine Hill Lake City (碧桂園新亞山湖城)	Qingyuan (Qingcheng)	1,145,923	51%	1,074,680	1st Quarter, 2013	2nd Quarter, 2013	2nd Quarter, 2015

## Business Overview

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA for future development <sup>(1)</sup> sq.m.	Estimated commencement date	Estimated pre-sale commencement date	Estimated completion date
Country Garden – Jade Hill (碧桂園•翡翠山)	Chenzhou (Suxian)	314,692	100%	117,478	1st Quarter, 2013	2nd Quarter, 2013	2nd Quarter, 2014
Country Garden Hill Lake Bay (碧桂園山湖灣)	Guangzhou (Nansha)	508,082	100%	261,886	1st Quarter, 2013	2nd Quarter, 2013	3rd Quarter, 2015
Country Garden – Phoenix City (碧桂園•鳳凰城)	Ji'nan (Zhangjiu)	315,910	100%	174,570	2nd Quarter, 2013	4th Quarter, 2013	1st Quarter, 2015
Country Garden – Seashore City (碧桂園•濱海城)	Tianjin (Binhai New Area)	113,807	100%	60,468	2nd Quarter, 2013	3rd Quarter, 2013	2nd Quarter, 2015
Country Garden – Palm City (碧桂園•椰城)	Wenchang (Tanniu)	118,030	100%	71,266	2nd Quarter, 2013	3rd Quarter, 2013	2nd Quarter, 2014
Country Garden – Hill Lake Bay (碧桂園•山湖灣)	Jiangmen (Xinhui)	322,439	100%	188,369	1st Quarter, 2013	2nd Quarter, 2013	2nd Quarter, 2014
Pingguo Country Garden (平果碧桂園)	Baise (Pingguo)	201,217	100%	114,423	1st Quarter, 2013	2nd Quarter, 2013	2nd Quarter, 2014
Qianjiang Country Garden (黔江碧桂園)	Chongqing (Qianjiang)	199,646	100%	112,460	1st Quarter, 2013	3rd Quarter, 2013	4th Quarter, 2014
Tangxia Country Garden (塘廈碧桂園)	Dongguan (Tangxia)	138,211	51%	138,211	1st Quarter, 2013	3rd Quarter, 2013	3rd Quarter, 2014
Wuhan Country Garden Phase Three (武漢碧桂園三期)	Wuhan (Hannan)	552,747	52%	552,747	2nd Quarter, 2013	4th Quarter, 2013	4th Quarter, 2015
Yixing Country Garden (宜興碧桂園)	Wuxi (Yixing)	199,890	100%	36,211	1st Quarter, 2013	2nd Quarter, 2013	3rd Quarter, 2014
Total:		77,563,734		37,357,225			

### Properties for future development – Project in Malaysia

Project	State (City)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA for future development <sup>(1)</sup> sq.m.	Estimated commencement date	Estimated pre-sale commencement date	Estimated completion date
Serendah Project (雙文丹項目)	Selangor (Serendah)	304,169	55%	304,169	1st Quarter, 2013	2nd Quarter, 2013	4th Quarter, 2014
Total:		304,169		304,169			

Note:

(1) “GFA for future development” for each project is the GFA expected to be built.



— Shunde Country Garden



# Management Discussion and Analysis

## 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 RMB5,630 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.

## Management Discussion and Analysis

### 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 approximately 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.

## Management Discussion and Analysis

### 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, due to the changes of 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.



## Management Discussion and Analysis

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.



— Country Garden — Grand Garden

# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

**YEUNG Kwok Keung (楊國強)**, aged 58, was appointed as the chairman and an executive Director of the Company in December 2006. Mr. YEUNG is also the chairman of nomination committee and corporate governance committee of the Company, a member of remuneration committee of the Company and a director of various members of the Group. Mr. YEUNG is responsible for the formulation of development strategies, investment planning and overall project planning as well as ensuring the Board functioned properly with good corporate practice and procedures. From 1992 to 1997, Mr. YEUNG was the general manager of Shunde Sanhe Property Development Co., Ltd. (順德市三和物業發展有限公司) ("Shunde Sanhe Co."). From 1986 to 1997, Mr. YEUNG served as the general manager and the chairman of Shunde Beijiao Construction Company Limited (順德市北滘建築工程有限公司) ("Beijiao Construction Co.") and also served as the general manager of the Group from 1997 to 2003. He had been the chairman of the Group from 2003 to 2005 and became the chairman of the Company after its formation in 2006. Mr. YEUNG has over 35 years of experience in construction and over 21 years of experience in property development. Mr. YEUNG was recognized as "China Charity Outstanding Contributions Person", "Top Ten Contributions to China Real Estate" in 2009 and "China Real Estate Entrepreneur Charity Award" and "Person of China Real Estate" in 2010, "Individual under non-collectively own category for helping poverty in Guangdong" in 2011, as well as "2012 China Corporate Social Responsibility Award for Outstanding Entrepreneur" in 2012. Mr. YEUNG is currently a member of the 12th National Committee of the Chinese People's Political Consultative Conference. Mr. YEUNG is the father of Ms. YANG Huiyan, the vice chairman and a controlling shareholder of the Company, the father of Ms. YANG Ziyang, an executive Director of the Company, and the uncle of Mr. YANG Zhicheng and Mr. YANG Yongchao, both being executive Directors of the Company.

**YANG Huiyan (楊惠妍)**, aged 31, was appointed as an executive Director of the Company in December 2006 and the vice chairman of the Company in March 2012. Ms. YANG is also a member of corporate governance committee of the Company and a director of various members of the Group. Ms. YANG graduated from Ohio State University with a degree in marketing and logistic. Ms. YANG joined the Group in 2005 and served as the manager of the procurement department. Currently, she is primarily responsible for the formulation of development strategies of the Group. Ms. YANG was recognized as "China Charity Award Special Contribution Award" in 2008. Ms. YANG is the daughter of Mr. YEUNG Kwok Keung, the chairman and an executive Director of the Company, the sister of Ms. YANG Ziyang, an executive Director of the Company, and a cousin of Mr. YANG Zhicheng and Mr. YANG Yongchao, both being executive Directors of the Company.

**MO Bin (莫斌)**, aged 46, was appointed as the president and an executive Director of the Company in July 2010. Mr. MO is also a member of remuneration committee and corporate governance committee of the Company and a director of various members of the Group. Mr. MO graduated from Hengyang Institute of Technology (currently known as University of South China) with an undergraduate degree in industrial and civil architecture, obtained his postgraduate degree from Zhongnan University of Economics and Law and is a professor-grade senior engineer. Mr. MO is primarily responsible for the management of daily operation and general administration of the Group. Prior to joining the Group, Mr. MO was employed by an internationally competitive construction and property group in the mainland, China Construction Fifth Engineering Division Corp., Ltd., in a number of senior positions since 1989, most recently as director and general manager. Mr. MO has over 23 years of extensive experience property development, construction business, construction management, marketing, cost control and corporate management.

**YANG Ziyang (楊子瑩)**, aged 25, was appointed as an executive Director of the Company in May 2011 and is also a director of various members of the Group. Ms. YANG graduated from Ohio State University with a degree in psychology. Ms. YANG joined the Group in 2008 as an assistant to chairman. Currently, she is primarily responsible for overseeing finances of the Group, including offshore and onshore financing. Prior to joining the Group, Ms. YANG worked in a renowned global investment bank. Ms. YANG is the daughter of Mr. YEUNG Kwok Keung, the chairman and an executive director of the Company, the sister of Ms. YANG Huiyan, the vice chairman and a controlling shareholder of the Company, and a cousin of Mr. YANG Zhicheng and Mr. YANG Yongchao, both being executive directors of the Company.

## Biographical Details of Directors and Senior Management

**YANG Erzhu (楊貳珠)**, aged 62, was appointed as an executive Director of the Company in November 2006 and is also a director of various members of the Group. Mr. YANG graduated from the School of Economic Management of Jinan University. Mr. YANG is primarily responsible for auditing the outsourcing of construction and assisting the chairman of the Company in investment planning. From 1994 to 1997, Mr. YANG served as a deputy general manager of Shunde Sanhe Co.. From 1986 to 1997, Mr. YANG served as a deputy general manager of Beijiao Construction Co. From 1999 to 2009, Mr. YANG served as a director and deputy general manager of Foshan Shunde Finest Decoration & Design Enterprise and has served as a director and deputy general manager of Guangdong Giant Leap Construction Co., Ltd. ("Giant Leap") and Foshan Shunde Country Garden Property Development Co., Ltd. ("Shunde Country Garden") since 1997. Mr. YANG has over 35 years of experience in construction and approximately 19 years of experience in property development.

**SU Rubo (蘇汝波)**, aged 58, was appointed as an executive Director of the Company in December 2006 and is also a director of various members of the Group. Mr. SU graduated from the School of Economic Management of Jinan University. Mr. SU is primarily responsible for construction management, supervision and coordination of certain property development projects of the Group. From 1994 to 1997, Mr. SU served as a deputy general manager of Shunde Sanhe Co.. From 1986 to 1997, Mr. SU served as a deputy general manager of Beijiao Construction Co. and has been serving as a director and a deputy general manager of Giant Leap and Shunde Country Garden since 1997. Mr. SU has over 35 years of experience in construction, approximately 19 years of experience in property development and approximately 16 years of experience in procurement of construction materials.

**ZHANG Yaoyuan (張耀垣)**, aged 67, was appointed as an executive Director of the Company in December 2006 and is also a director of various members of the Group. Mr. ZHANG is primarily responsible for construction management, supervision and coordination of certain property development projects of the Group. From 1994 to 1997, Mr. ZHANG served as a deputy general manager of Shunde Sanhe Co.. From 1986 to 1997, Mr. ZHANG served as a manager and a deputy general manager of Beijiao Construction Co. and has been serving as a director and a deputy general manager of Giant Leap and Shunde Country Garden since 1997. Mr. ZHANG has over 45 years of experience in construction and approximately 19 years of experience in management of property development.

**OU Xueming (區學銘)**, aged 63, was appointed as an executive Director of the Company in December 2006 and is also a director of various members of the Group. Mr. OU is primarily responsible for construction management, supervision and coordination of certain property development projects of the Group. From 1994 to 1997, Mr. OU served as a deputy general manager of Shunde Sanhe Co.. From 1986 to 1997, Mr. OU served as a deputy general manager of Beijiao Construction Co. and has been serving as a director and a deputy general manager of Giant Leap and Shunde Country Garden since 1997. Mr. OU has over 35 years of experience in construction and approximately 19 years of experience in operation and management of property development.

**YANG Zhicheng (楊志成)**, aged 39, was appointed as an executive Director of the Company in December 2006 and the regional president of the Group. Mr. YANG is primarily responsible for the overall development and management of certain property development projects of the Group. Prior to joining the Group in 1997, Mr. YANG served as a project manager of Shunde Sanhe Co., the general manager of Foshan Shunde Jun'an Country Garden Property Development Co., Ltd. and the project general manager of the Group. Mr. YANG has approximately 19 years of experience in project development. Mr. YANG is a nephew of Mr. YEUNG Kwok Keung, the chairman and an executive Director of the Company, and a cousin of Ms. YANG Huiyan, the vice chairman and a controlling shareholder of the Company, Ms. YANG Ziying and Mr. YANG Yongchao, both being executive Directors of the Company.



## Biographical Details of Directors and Senior Management

**YANG Yongchao (楊永潮)**, aged 38, was appointed as an executive Director of the Company in December 2006 and the general manager of the sales centre of the Group. Mr. YANG is primarily responsible for the overall sales management of the Group. Mr. YANG has been responsible for the management of the sales centre of Shunde Country Garden since 1997. Mr. YANG has approximately 16 years of experience in property sales management, market research, project planning proposal, pricing, marketing, sales and customer resource management. Mr. YANG is a nephew of Mr. YEUNG Kwok Keung, the chairman and an executive Director of the Company, and a cousin of Ms. YANG Huiyan, the vice chairman and a controlling shareholder of the Company, and Ms. YANG Ziyang and Mr. YANG Zhicheng, both being executive Directors of the Company.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**LAI Ming, Joseph (黎明)**, aged 68, was appointed as an independent non-executive Director of the Company in December 2006, the chairman of the Audit Committee and a member of the remuneration committee and nomination committee of the Company. Mr. LAI is a fellow member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"), CPA Australia, the Chartered Institute of Management Accountants ("CIMA") and the Hong Kong Institute of Directors. Mr. LAI was one of the co-founders of the Hong Kong Branch of CIMA founded in 1973 and was the president in 1974/75 and 1979/80. He was the president of the HKICPA in 1986. Mr. LAI is an independent non-executive director of Shinhint Acoustic Link Holdings Limited, Jolimark Holdings Limited and Guangzhou R&F Properties Co., Limited, all of which are companies whose shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. LAI also holds directorships in several private companies engaging in property development in Canada. He is also an independent non-executive directors of Nan Fung Group Holdings Limited and Nan Fung Property Holdings Limited.

**SHEK Lai Him, Abraham (石禮謙)** SBS, JP, aged 67, was appointed as an independent non-executive Director of the Company in December 2006, a member of the audit committee and remuneration committee of the Company. Mr. SHEK graduated from the University of Sydney and holds a Bachelor of Arts degree and a Diploma in Education. Mr. SHEK was appointed a Justice of the Peace in 1995 and was awarded the Silver Bauhinia Star by the Government of the HKSAR in 2007. Mr. SHEK is a member of the Hong Kong Legislative Council representing the Real Estate and Construction Functional Constituency, a member of the Court of Hong Kong University of Science and Technology, a member of Court and Council of University of Hong Kong, and a vice chairman of the Independent Police Complaints Council. Mr. SHEK is an independent non-executive director of Midas International Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, Titan Petrochemicals Group Limited, ITC Corporation Limited, ITC Properties Group Limited, Hop Hing Group Holdings Limited, Hsin Chong Construction Group Limited, MTR Corporation Limited, SJM Holdings Limited, Paliburg Holdings Limited, Lai Fung Holdings Limited, Chuang's Consortium International Limited, China Resources Cement Holdings Limited and Dorsett Hospitality International Limited, and a chairman and an independent non-executive director of Chuang's China Investments Limited, all of which are companies whose shares are listed on the Stock Exchange, as well as a director of The Hong Kong Mortgage Corporation Limited. Mr. SHEK is also an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust) and Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), both trusts are listed on the Stock Exchange. Mr. SHEK also holds directorships in Jetstar Hong Kong Airways Limited and several property-related private companies.

**TONG Wui Tung, Ronald (唐滙棟)**, aged 62, was appointed as an independent non-executive Director of the Company in December 2006, the chairman of remuneration committee of the Company and a member of audit committee and nomination committee of the Company. He has been practicing as a solicitor in Hong Kong for over 30 years and is a partner of the law firm Messrs. Cheung Tong & Rosa Solicitors. He is also a Notary Public and a China Appointed Attesting Officer, and is admitted as a solicitor in several other jurisdictions. Mr. TONG is currently a non-executive director of Yip's Chemical Holdings Limited, a company whose shares are listed on the Stock Exchange.

## Biographical Details of Directors and Senior Management

**HUANG Hongyan (黃洪燕)**, aged 42, was appointed as an independent non-executive Director of the Company in December 2012, a member of audit committee, remuneration committee and nomination committee of the Company. Mr. HUANG graduated from the Department of Finance, the School of Economics of Jinan University and holds a Bachelor of International Finance degree, and is also qualified as a Chinese certified public accountant, a Chinese certified tax agent, a Chinese certified public valuer, a certified internal auditor and a corporate accountant. Currently, Mr. HUANG serves as a general manager of Foshan Yestar Consulting Co., Ltd. and a director of Guangdong Jiayang Investment Co., Ltd. Mr. HUANG is an independent non-executive director of Guangdong Vanward New Electric Co., Ltd., a company whose shares are listed on the Shenzhen Stock Exchange, and Guangdong Rifeng Electric Cable Co., Ltd.

**HUANG Xiao (黃曉)**, aged 45, was appointed as an independent non-executive Director of the Company in December 2012, a member of audit committee, remuneration committee and nomination committee of the Company. Ms. HUANG graduated from Jinan University and holds a Bachelor of Accounting degree. Ms. HUANG has also graduated from University of New South Wales, Australia and holds a Master of Commerce degree with a major in international accounting. Ms. HUANG is qualified as a Chinese certified public accountant and a senior accountant. Currently, Ms. HUANG serves as the officer of the examination and training department of Guangdong Provincial Institute of Certified Public Accountants, a member of registration committee of Guangdong Provincial Institute of Certified Public Accountants and a bidding assessment expert of Stated-owned Assets Supervision and Administration Commission, the People's Government of Guangdong Province.

### CHIEF FINANCIAL OFFICER

**NG Yi Kum, Estella (伍綺琴)**, aged 55, was appointed as the chief financial officer of the Company in January 2008. From September 2005 to November 2007, Ms. NG was an executive director of Hang Lung Properties Limited, a company whose shares are listed on the Stock Exchange. Prior to her joining Hang Lung Properties in 2003, she was employed by the Stock Exchange in a number of senior positions, most recently as Senior Vice President of its Listing Division. Prior to that, she gained valuable auditing experience with Deloitte Touche Tohmatsu. Ms. NG is a qualified accountant and holds a Master of Business Administration degree from Hong Kong University of Science and Technology. She is an associate of The Institute of Chartered Accountants in England and Wales, The Institute of Chartered Secretaries and Administration and a fellow of the Association of Chartered Certified Accountants, the HKICPA and a member of the American Institute of Certified Public Accountants. She has also contributed her time to various public service appointments including being a co-opted member of the Audit Committee of the Hospital Authority.

### COMPANY SECRETARY

**HUEN Po Wah (禰寶華)**, aged 64, was appointed as the secretary of the Company in March 2007. He is an associate of The Hong Kong Institute of Chartered Secretaries and also an associate of The Institute of Chartered Secretaries and Administrators. Mr. HUEN is also a director of Fair Wind Secretarial Services Limited. He has over 30-year experience in company administration and secretarial fields and has served many listed clients over the years.

## Biographical Details of Directors and Senior Management

### SENIOR MANAGEMENT

**SONG Jun (宋軍)**, aged 45, is a vice president of the Company. Mr. SONG graduated from Chongqing College of Construction and Architecture (重慶建築工程學院), currently known as Chongqing University (重慶大學), with a degree in architecture and is a qualified PRC architect. Mr. SONG is responsible for construction management, supervision and coordination of certain property development projects of the Group. Prior to joining the Group in 1997, he worked in Hunan Province Jishou City Construction Institute (湖南省吉首市建築規劃勘察設計院) and Guangdong Elite Architectural Co., Ltd. and was responsible for architectural design work. Since 1997, he served as a project manager and a general manager of Shunde Country Garden and Guangzhou Country Garden, and has been serving as vice president of the Group since 2005, responsible for the management of property development projects. Currently, Mr. SONG is responsible for the operational management and sustainable development of projects under his supervision. Mr. SONG has approximately 16 years of experience in the management of property development.

**XIE Shutai (謝樹太)**, aged 48, is a vice president of the Company. Mr. XIE graduated from Hunan University (湖南大學) with a degree in civil engineering and is a qualified PRC civil engineer. Mr. XIE is primarily responsible for the overall management and supervision of certain property development projects of the Group, and also responsible for the overall management of the hotels and property management companies of the Group. Prior to joining the Group in 1997, Mr. XIE worked in Hengyang City Construction Institute (衡陽市建築設計研究院) from 1986 to 1991 responsible for structural design work. He also worked in Shunde Sanhe Co. from 1992 to 1997 responsible for property management. Since 1997, he has been working in Shunde Country Garden and Guangdong Country Garden Property Management Co., Ltd. responsible for the overall property and hotel management of the Group. Mr. XIE has approximately 21 years of experience in property management and approximately 16 years of experience in hotel management.

**LIANG Guokun (梁國坤)**, aged 54, is a vice president of the Company. Mr. LIANG is primarily responsible for landscape design and gardening system management and supervision. Prior to joining the Group in 1999, Mr. LIANG worked in Chung Shan Hot Spring Golf Club (中山溫泉高爾夫球會俱樂部) from 1985 to 1994. He also worked in Dongguan Yin Li Golf Club (東莞銀利外商俱樂部), Shenzhen Mission Hills Golf Club (深圳觀瀾湖高爾夫球會) and Shenzhen Longgang Green Club (深圳龍崗綠色俱樂部), currently known as Citic Green Golf Club (中信綠色高爾夫球會), in a number of senior positions. Mr. LIANG had 28 years of experience in golf course design management and landscape design management.

**WANG Shaojun (王少軍)**, aged 48, is a vice president of the Company. Mr. WANG graduated from Harbin University of Civil Engineering and Architecture with a bachelor degree in industrial and civil architectures and a master degree in structural engineering and is a qualified PRC senior civil engineer. Prior to joining the Group in 2013, Mr. WANG worked in Dalian Wanda Commercial Properties Co., Ltd. as the general manager of its Guangzhou company responsible for property development; and worked in Fantasia Holdings Group Co. Ltd as the executive vice president responsible for the management and operation of property development business. Mr. WANG had 20 years of experience in management of property development.



# Corporate Governance Report

Country Garden Holdings Company Limited (the “Company”) together with its subsidiaries (the “Group”) continues to improve its corporate governance practices, emphasizing the attainment and maintenance of a quality board, sound risk management and internal controls, and high transparency and accountability to shareholders. The board of Directors (the “Board”) and management are committed to principles of good corporate governance consistent with prudent management and enhancement of shareholder value. The Board believes that good corporate governance will bring long-term benefits to its shareholders and to the Group.

## CORPORATE GOVERNANCE PRACTICES

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

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.

## BOARD OF DIRECTORS

### Composition

The Board currently consists of ten executive Directors, namely, Mr. YEUNG Kwok Keung, Ms. YANG Huiyan, 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; and five independent non-executive Directors, namely, Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan and Ms. HUANG Xiao. An updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and the Company respectively.

Ms. YANG Huiyan and Ms. YANG Ziying are daughters of Mr. YEUNG Kwok Keung and Mr. YANG Zhicheng and Mr. YANG Yongchao are nephews of Mr. YEUNG Kwok Keung. Save as disclosed above, none of other Directors has or maintained any family relationship with any of the other Directors.

The independent non-executive Directors are of sufficient number and caliber for their views to carry weight. The functions of independent non-executive Directors include:

- expressing an independent view and judgement at Board meetings;
- taking the lead where potential conflicts of interests arise;
- serving on Board committees if invited; and
- scrutinizing the Company’s performance and monitoring performance reporting.

The independent non-executive Directors have made a positive contribution to the development of the Company’s strategy and policies through independent, constructive and informed comments. They gave the Board and the Board committees the benefit of their skills, expertise, varied backgrounds and qualifications through regular attendance and active participation.

During the year, the Chairman met with the independent non-executive Directors without the executive Directors present.

Composition of the Board is disclosed, and the independent non-executive Directors are identified, in all corporate communications to shareholders.

### **Role and function of the Board and the management**

The Board assumes responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group.

### **Appointment and re-election of Directors**

All executive Directors have entered into service contracts and all independent non-executive Directors have entered into letter of appointments with a specific term of two years setting out key terms and conditions of their appointment. All Directors are subject to retirement in accordance with the articles of association of the Company (the "Articles of Association").

According to the Articles of Association, (i) Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after appointment and be subject to re-election at such meeting; and (ii) at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an annual general meeting at least once every three years. As such, no Directors have a term of appointment longer than three years.

### **Board Meetings**

The Board holds at least four meetings a year at approximately quarterly intervals. Additional meetings would be arranged, if and when required. All Directors are invited to attend these meetings in persons. For those Directors who are not able to attend these meetings in persons, participation by telephone conference is available.

The company secretary and the compliance officer assist the Chairman in preparing the agenda for the meeting and each Director may request inclusion of matters in the agenda. Notice of at least 14 days is given of a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice will be given. Agenda and accompanying board papers, which are prepared in a form and quality sufficient to enable the Board to make informed decisions on matters placed, have been sent to all Directors at least 3 days or other agreed period before the intended date of Board meeting. Queries raised by Directors will be given a prompt ad full response if possible.

If a substantial shareholder or a Director has a conflict of interest in a matter which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution.

The company secretary also prepares detailed minutes of each meeting. After the meeting, draft and final versions of the minutes would be sent to Directors for comments and records respectively as soon as practicable. Minutes of Board meetings and Board committees meetings are kept by the company secretary and are open for inspection by any Director.

During the financial year ended 31 December 2012, the Directors have made active contribution to the affairs of the Group and four Board meetings were held to consider, among other things, various transactions contemplated by the Group and to review and approve the interim results and annual results of the Group. According to Article 103(1) of the Articles of Association, a Director shall not be entitled to attend any Board meeting for approving any transaction in which he or his associates is materially interested. Any Board meeting which a Director is not so entitled to attend shall not be taken into account in determining that Director's attendance record.

# Corporate Governance Report

Details of Directors' attendance record in 2012 are as follows:

Directors	No. of meetings attended/ No. of meetings held
<b>Executive Directors</b>	
Mr. YEUNG Kwok Keung ( <i>Chairman</i> )	4/4
Ms. YANG Huiyan ( <i>Vice Chairman</i> )	3/4
Mr. MO Bin	5/5
Ms. YANG Ziyang	4/4
Mr. YANG Erzhu	4/4
Mr. SU Rubo	4/4
Mr. ZHANG Yaoyuan	4/4
Mr. OU Xueming	4/4
Mr. YANG Zhicheng	4/4
Mr. YANG Yongchao	4/4
<b>Independent Non-executive Directors</b>	
Mr. LAI Ming, Joseph	5/5
Mr. SHEK Lai Him, Abraham	5/5
Mr. TONG Wui Tung, Ronald	5/5
Mr. HUANG Hongyan <sup>note</sup>	—
Ms. HUANG Xiao <sup>note</sup>	—

Note: No board meeting was held after the appointment of Mr. HUANG Hongyan and Ms. HUANG Xiao in 2012.

## Access to information

All Directors are kept informed on a timely basis of major changes that may have affected the Group's business, including relevant rules and regulations and are able to make further enquiries when necessary. Sufficient explanation and information has been provided to the Board to enable the Board to make an informed assessment of financial and other information put before it for approval. They also have unrestricted access to the advices and services of the company secretary and the compliance officer, who are responsible for providing the Directors with board papers and related materials. A monthly update which gives a balanced and concise assessment of the Company's performance, position and prospects in sufficient details is provided to all Directors to enable the Board as a whole and each Director to discharge their duties. The Board has also agreed that the Directors may seek independent professional advice in performing their Directors' duties at the Company's expenses.

## Directors' and officers' liability

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

## Directors' training and professional development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. Subsequently, Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business and are encouraged to participate in continuous professional development to develop their knowledge and skills.



## Corporate Governance Report

During the year, Directors have participated continuous professional development (“CPD”). A summary of their records of training is as follows:

Directors	Types of CPD (Note 1)	Subject of CPD (Note 2)
Mr. YEUNG Kwok Keung ( <i>Chairman</i> )	1, 2	A, B
Ms. YANG Huiyan ( <i>Vice Chairman</i> )	1, 2	A, B
Mr. MO Bin	1, 2	A, B
Ms. YANG Ziyang	1, 2	A, B
Mr. YANG Erzhu	1, 2	A
Mr. SU Rubo	1, 2	A
Mr. ZHANG Yaoyuan	1, 2	A
Mr. OU Xueming	1, 2	A
Mr. YANG Zhicheng	1, 2	A
Mr. YANG Yongchao	1, 2	A
Mr. LAI Ming, Joseph	1, 2	B
Mr. SHEK Lai Him, Abraham	1, 2	B
Mr. TONG Wui Tung, Ronald	1, 2	B
Mr. HUANG Hongyan	1, 2	B
Ms. HUANG Xiao	1, 2	B

Note 1:

1: Attending in-house briefings/training, seminars, conference or forums

2: Reading newspapers, journals and updates

Note 2:

A: Businesses related to the Company

B: Laws, rules and regulations, accounting standards

### CHAIRMAN AND PRESIDENT

The roles of the Chairman and the president of the Company are segregated to reinforce independence, accountability and responsibility. Mr. YEUNG Kwok Keung, being the Chairman, is responsible for the formulation of the development strategies, investment planning, overall project planning of the Group and providing leadership for the Board and ensuring that the Board functions properly and effectively, whilst Mr. MO Bin, the president of the Company, is responsible for the management of daily operation and general administration of the Group. Their respective responsibilities are clearly established and defined by the Board in writing.

In performing the role of Chairman, Mr. YEUNG Kwok Keung is responsible for, among other things:

- ensuring that good corporate governance practices and procedures are established;
- ensuring that all Directors are properly briefed on issues arising at Board meetings and that all Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;
- encouraging all Directors to make a full and active contribution to the Board's affair and to voice their concerns even with different views, allowing sufficient time for discussion of issues, ensuring that board decisions fairly reflect Board consensus, and taking the lead to ensure that it acts in the best interests of the Group;
- ensuring that appropriate steps are taken to provide effective communication with shareholders and their views are communicated to the Board as a whole; and
- promoting a culture of openness and debate by facilitating the effective contribution of independent non-executive Directors in particular and ensuring constructive relations between executive and non-executive Directors.

# Corporate Governance Report

## BOARD COMMITTEES

The Board has established four committees with specific written terms of reference to oversee particular aspects of the Company's affairs.

### Audit Committee

The Audit Committee was established in December 2006 with written terms of reference, which are posted on the websites of the Stock Exchange and the Company respectively. 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 Tung, Ronald, Mr. HUANG Hongyan and Ms. HUANG Xiao. Mr. LAI Ming, Joseph who has appropriate professional accounting qualifications and financial management expertise as required under the Listing Rules, was appointed as the chairman of the Audit Committee. None of the members of the Audit Committee are former partners of the auditors of the Company.

The principal duties of the Audit Committee include, among other things:

- overseeing the relationship with the Company's auditor;
- reviewing the Company's financial information; and
- reviewing the Company's financial report system and internal control procedures.

The Audit Committee may seek any necessary information from employees within its scope of duties and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The Audit Committee met four times in 2012, among other things, to review the Group's significant internal controls and financial matters as set out in the Audit Committee's term of reference with senior management, consultants and external auditor of the Company. The committee's review covers the audit plans and findings of external auditor, external auditor's independence, the Group's accounting principles and practices, Listing Rules and statutory compliance, internal controls, risk management and financial reporting matters (including the interim and annual financial statements for the Board's approval).

Attendance of the members is set out below:

Members	No. of meetings attended/ No. of meetings held
Mr. LAI Ming, Joseph ( <i>Chairman</i> )	4/4
Mr. SHEK Lai Him, Abraham	4/4
Mr. TONG Wui Tung, Ronald	4/4
Mr. HUANG Hongyan <sup>note</sup>	—
Ms. HUANG Xiao <sup>note</sup>	—

Note: No Audit Committee meeting was held after the appointment of Mr. HUANG Hongyan and Ms. HUANG Xiao in 2012.

### Nomination Committee

The Nomination Committee was established in March 2012 with written terms of reference, which are posted on the websites of the Stock Exchange and the Company respectively. The Nomination Committee is being chaired by Mr. YEUNG Kwok Keung and consists of five members, of whom one is executive Directors being Mr. YEUNG Kwok Keung, and four are independent non-executive Directors being Mr. LAI Ming, Joseph, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan and Ms. HUANG Xiao.

The principal duties of the Nomination Committee include, among other things:

- reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- assessing the independence of independent non-executive Directors; and
- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

## Corporate Governance Report

The Nomination Committee has been provided sufficient resources to perform its duties and may seek independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The Nomination Committee met once in 2012 to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy and to nominate independent non-executive directors as set out in its terms of reference.

Attendance of the members is set out below:

Members	No. of meetings attended/ No. of meetings held
Mr. YEUNG Kwok Keung ( <i>Chairman</i> )	1/1
Mr. LAI Ming, Joseph	1/1
Mr. TONG Wui Tung, Ronald	1/1
Mr. HUANG Hongyan <sup>note</sup>	—
Ms. HUANG Xiao <sup>note</sup>	—

Note: No Nomination Committee meeting was held after the appointment of Mr. HUANG Hongyan and Ms. HUANG Xiao in 2012.

### Remuneration Committee

The Remuneration Committee was established in December 2006 with written terms of reference, which are posted on the websites of the Stock Exchange and the Company respectively. The Remuneration Committee is being chaired by Mr. TONG Wui Tung, Ronald and consists of seven members, of whom two are executive Directors being Mr. YEUNG Kwok Keung and Mr. MO Bin, and five are independent non-executive Director being Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan and Ms. HUANG Xiao.

The principal duties of the Remuneration Committee include, among other things:

- making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Group;
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and
- making recommendations to the Board on the remuneration packages of individual Directors and senior management.

The Remuneration Committee may consult the Chairman or the president of the Company about their remuneration proposals for other executive Directors, seek any necessary information from employees within its scope of duties and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

During the year, the Remuneration Committee held two meetings. It reviewed the remuneration package of the Directors and considered the terms of appointment letters to be entered with the independent non-executive directors.

Attendance of the members is set out below:

Members	No. of meetings attended/ No. of meetings held
Mr. TONG Wui Tung, Ronald ( <i>Chairman</i> )	2/2
Mr. YEUNG Kwok Keung	2/2
Mr. MO Bin	2/2
Mr. LAI Ming, Joseph	2/2
Mr. SHEK Lai Him, Abraham	2/2
Mr. HUANG Hongyan <sup>note</sup>	—
Ms. HUANG Xiao <sup>note</sup>	—

Note: No Remuneration Committee meeting was held after the appointment of Mr. HUANG Hongyan and Ms. HUANG Xiao in 2012.



## Corporate Governance Report

Details of remuneration payable to Directors and senior management for the year are set out in note 30 to the consolidated financial statements.

### Corporate Governance Committee

The Corporate Governance Committee was established in March 2012 with written terms of reference. The members of the Corporate Governance Committee are all of the executive Directors, namely Mr. YEUNG Kwok Keung, Ms. YANG Huiyan and Mr. BO Min. Mr. YEUNG Kwok Keung was appointed as the chairman of the Corporate Governance Committee.

The principal duties of the Corporate Governance Committee include, among other things:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the Group's employees and Directors; and
- reviewing the Company's compliance with the Code and disclosure in the Corporate Governance Report.

The Corporate Governance Committee met once in 2012 to approve the policy for the disclosure of insider information and the policy on corporate governance as set out in its terms of reference.

Attendance of the members is set out below:

Members	No. of meetings attended/ No. of meetings held
Mr. YEUNG Kwok Keung ( <i>Chairman</i> )	1/1
Ms. YANG Huiyan	1/1
Mr. MO Bin	1/1

## COMPANY SECRETARY

Mr. HUEN Po Wah, who is a director of Fair Wind Secretarial Services Limited providing professional services to various listed companies, was appointed as the company secretary of the Company. Although Mr. HUEN is not a full time employee of the Company, he is responsible for advising the Board on governance matters. The primary contact person of the Company with Mr. HUEN is Ms. NG Chi Man, the compliance officer of the Company. Mr. HUEN has confirmed that he has taken no less than 15 hours of relevant professional training during 2012.

## INTERNAL CONTROLS

The Board has the overall responsibility for maintaining sound and effective internal control systems to safeguard the Group's assets and shareholders' interests, as well as, with Audit Committee, for reviewing the effectiveness of these systems. The internal audit department is delegated to ensuring and maintaining sound internal control functions by continuously reviewing and monitoring the internal control systems and procedures so as to ensure that they can provide reasonable assurance against misstatement or loss and to manage risks of failure in the Group's operational systems. In addition, the Company has engaged independent consultants to conduct review of the internal control system and risk management of the Group.

The Board, in conjunction with the Audit Committee, annually assessed and reviewed the effectiveness of the internal control systems and procedures and considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financing reporting function, and their training programmes and budget. During the year, the Audit Committee has reviewed reports from internal audit department and independent consultants with their findings and recommendations for improving the internal control system of the Group and is satisfied that there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

## Corporate Governance Report

### WHISTLEBLOWER POLICY

The Group has established a whistleblower policy to facilitate the raising of concerns by employees since 2008. Procedures are established for employees to report complaints and internal malpractice to the head of Legal Department, who will review complaints and determine the mode of investigation and subsequent action.

### AUDITOR'S REMUNERATION

For the year ended 31 December 2012, the remuneration paid/payable to the auditor of the Company is set out as follows:

Service rendered	RMB '000
Statutory audit services for 2012	6,500
Non-statutory audit services in relation to:	
The issuance of senior notes	1,750
Advice on internal control	650
Advice on tax	50

### DIRECTORS' RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2012, which were prepared in accordance with statutory requirements and applicable accounting standards. The Board aims to present a balanced, clear and understandable assessment in annual report and interim reports and other financial disclosures required by the Listing Rules.

The reporting responsibility of the external auditor of the Company on the consolidated financial statements of the Group are set out in the independent auditor's report on pages 49 to 50 of this annual report.

### COMMUNICATION WITH SHAREHOLDERS

The Board adopted a Shareholders' Communication Policy reflecting the current practices of the Company for communication with its shareholders, which is posted on the websites of the Company.

The general meeting of the Company provides a platform for shareholders to exchange views with the Board. Details of Directors' attendance record in 2012 are as follows:

Directors	No. of general meetings attended/ No. of general meetings held
<b>Executive Directors</b>	
Mr. YEUNG Kwok Keung ( <i>Chairman</i> )	0/1
Ms. YANG Huiyan ( <i>Vice Chairman</i> )	0/1
Mr. MO Bin	1/1
Ms. YANG Ziyang	0/1
Mr. YANG Erzhu	0/1
Mr. SU Rubo	0/1
Mr. ZHANG Yaoyuan	0/1
Mr. OU Xueming	0/1
Mr. YANG Zhicheng	0/1
Mr. YANG Yongchao	0/1
<b>Independent Non-executive Directors</b>	
Mr. LAI Ming, Joseph	1/1
Mr. SHEK Lai Him, Abraham	1/1
Mr. TONG Wui Tung, Ronald	1/1
Mr. HUANG Hongyan <sup>note</sup>	—
Ms. HUANG Xiao <sup>note</sup>	—

Note: No general meeting was held after the appointment of Mr. HUANG Hongyan and Ms. HUANG Xiao in 2012.

## Corporate Governance Report

### SHAREHOLDERS' RIGHT

Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company can make a written requisition to the Board or the secretary of the Company to require an extraordinary general meeting to be convened pursuant to article 58 of the Company's articles of association. The written requisition must state the objects of the meeting, and must be signed by the relevant shareholder(s) and deposited at the registered office of the Company at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, in addition to the principal place of business in Hong Kong at Rooms 901-904, 9/F., Manulife Provident Funds Place, 345 Nathan Road, Kowloon, Hong Kong.

If within 21 days of the deposit of the requisition the Board fails to proceed to convene an extraordinary general meeting, the relevant shareholder(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the relevant shareholder(s) as a result of the failure of the Board shall be reimbursed to the relevant shareholder(s) by the Company.

There are no provisions under the Company's articles of association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for shareholders to put forward proposals at general meetings other than a proposal of a person for election as director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Board or the Company Secretary at the principal place of business in Hong Kong or by email to [ir@countrygarden.com.cn](mailto:ir@countrygarden.com.cn).

### INVESTOR RELATIONS

The Group also has a proactive investor relations programme that keeps investors and shareholders abreast the Group's latest development and discloses relevant information to the public in a timely manner. During the year, we held various meetings with investors, organized site visit to our projects and participated in investor conferences.

The Group's newsletter outlines the latest projects development and sales performance on a regular basis. Up-to-date information on the Group's projects development, corporate activities, news, financial data, and stock information are available at the Group's website <http://www.countrygarden.com.cn>.

During the year, there is no change in the Company's constitutional documents.



# Report of the Directors

The Directors are pleased to present the audited consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2012.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the property development, construction, fitting and decoration, property management and hotel operation.

An analysis of the Group’s revenue and operating results for the year by principal activities is set out in note 5 to the consolidated financial statements of the Group.

## RESULTS

The results of the Group for the year ended 31 December 2012 are set out in the consolidated statement of comprehensive income of the Group on pages 55 to 56 of this annual report.

## DIVIDENDS

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.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 6 to the consolidated financial statements of the Group.

## BORROWINGS

Details of the borrowings are set out in note 22 to the consolidated financial statements of the Group.

## RESERVES

Details of the movements in reserves during the year are set out in note 21 to the consolidated financial statements of the Group.

As at 31 December 2012, the distributable reserve of the Company amounted to approximately RMB2,870,910,000 (2011: approximately RMB2,409,275,000).

## DONATIONS

The donations made by the Group during the year amounted to approximately RMB80,868,000 (2011: approximately RMB133,547,000).

## FINANCIAL SUMMARY

A financial summary of the Group is set out on page 142 of this annual report.

## Report of the Directors

### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2012, revenue attributable to the largest customer of the Group amounted to approximately 0.22% of the total revenue in the year and the five largest customers of the Group accounted for less than 30% of the Group's revenue in the year.

For the year ended 31 December 2012, purchases attributable to the largest supplier of the Group amounted to approximately 1.06% of the total purchases in the year and the five largest suppliers of the Group accounted for less than 30% of the Group's purchases in the year.

### DIRECTORS AND SHAREHOLDERS INTERESTS IN SUPPLIERS AND CUSTOMERS OF THE GROUP

During the year ended 31 December 2012, so far as the Directors are aware, the following persons who are Directors and their associates (herein after-mentioned) and are interested in more than 5% of the issued share capital of the Company had direct interest or indirect interest in the five largest customers and suppliers of the Group as follows:

Name of Director and person interested in more than 5% of the Company's share capital	Name of customer of the Group	Type of interest
Ms. YANG Huiyan	Qingyuan Country Garden Property Development Co., Ltd. ("Qingyuan CG")	52% equity interest
Mr. YANG Erzhu	Qingyuan CG	12% equity interest
Mr. SU Rubo	Qingyuan CG	12% equity interest
Mr. ZHANG Yaoyuan	Qingyuan CG	12% equity interest
Mr. OU Xueming	Qingyuan CG	12% equity interest

Name of Director and person interested in more than 5% of the Company's share capital	Name of supplier of the Group	Type of interest
Ms. YANG Huiyan	Guangdong Elite Architectural Co., Ltd. ("Elite Architectural")	52% equity interest
Mr. YANG Erzhu	Elite Architectural	12% equity interest
Mr. SU Rubo	Elite Architectural	12% equity interest
Mr. ZHANG Yaoyuan	Elite Architectural	12% equity interest
Mr. OU Xueming	Elite Architectural	12% equity interest
Mr. YEUNG Kwok Keung	Guangdong Grand Pipe Pile Co., Ltd. ("Grand Pipe")	52% equity interest
Mr. YANG Erzhu	Grand Pipe	12% equity interest
Mr. SU Rubo	Grand Pipe	12% equity interest
Mr. ZHANG Yaoyuan	Grand Pipe	12% equity interest
Mr. OU Xueming	Grand Pipe	12% equity interest

Grand Pipe is a non-wholly owned subsidiary of Foshan Shunde Lida Investment Co., Ltd ("Lida Investment"). Lida Investment is owned as to 52% by Ms. YANG Meirong (a sister of Mr. YEUNG Kwok Keung), as to 12% by Mr. YANG Minsheng (a son of Mr. YANG Erzhu), as to 12% by Mr. SU Zhixian (a son of Mr. SU Rubo), as to 12% by Mr. ZHANG Chibiao (a son of Mr. ZHANG Yaoyuan) and as to 12% by Ms. OU Jieping (a daughter of Mr. OU Xueming). As Grand Pipe is owned as to 73.6% of its total equity interest by Lida Investment, an associate of Mr. YEUNG Kwok Yeung, Grand Pipe is thus an associate of a connected person of the Company.

## Report of the Directors

Other than disclosed above, the Directors, their associates or any Shareholders of the Company (which to the knowledge of the Directors own more than 5% of the issued share capital of the Company) did not have any interests in the five largest customers and suppliers of the Group for the year ended 31 December 2012.

### SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 19 to the consolidated financial statements of the Group.

### DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year up to the date of this annual report are:

#### Executive Directors

Mr. YEUNG Kwok Keung (*Chairman*)  
 Ms. YANG Huiyan (*Vice Chairman*)  
 Mr. MO Bin  
 Ms. YANG Ziyang  
 Mr. YANG Erzhu  
 Mr. SU Rubo  
 Mr. ZHANG Yaoyuan  
 Mr. OU Xueming  
 Mr. YANG Zhicheng  
 Mr. YANG Yongchao

#### Independent non-executive Directors

Mr. LAI Ming, Joseph  
 Mr. SHEK Lai Him, Abraham  
 Mr. TONG Wui Tung, Ronald  
 Mr. HUANG Hongyan (appointed on 20 December 2012)  
 Ms. HUANG Xiao (appointed on 20 December 2012)

In accordance with Article 86(3) of the Articles of Association, Mr. HUANG Hongyan and Ms. HUANG Xiao shall hold office until the forthcoming annual general meeting and shall then be eligible for re-election. In accordance with Article 87 of the Articles of Association, Messrs. YEUNG Kwok Keung, YANG Erzhu, SU Rubo, ZHANG Yaoyuan and LAI Ming, Joseph shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

All executive Directors of the Company has entered into a service contract with the Company taking effect from 1 January 2013 for a period of three years. Messrs. LAI Ming, Joseph, SHEK Lai Him, Abraham and TONG Wui Tung, Ronald are appointed for a period up to 31 December 2014 and Mr. HUANG Hongyan and Ms. HUANG Xiao are appointed for a period up to 19 December 2014.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

### DIRECTORS' AND SENIOR MANAGEMENT MEMBERS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2012 are set out in note 30 to the consolidated financial statements of the Group.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under paragraph headed "Continuing Connected Transactions", no contracts of significance in relation to the Company's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



## Report of the Directors

### DIRECTORS' AND THEIR ASSOCIATES' INTERESTS IN COMPETING BUSINESS

Ms. YANG Huiyan, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan and Mr. OU Xueming (all being Directors) respectively owned 52%, 12%, 12%, 12% and 12% interest in each of Qingyuan CG and Qingyuan Country Cultural Development Co., Ltd.. Qingyuan CG is the developer of the Qingyuan Holiday Islands project situated in Qingyuan which offers various types of products including villas, townhouses and low-rise apartments. While Qingyuan Country Cultural Development Co., Ltd. operates the Qingyuan Cultural Park located in Shijiao Town, Qingcheng District in Qingyuan. As at 31 December 2012, none of the Directors are considered to be interested in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

### CONTINUING CONNECTED TRANSACTIONS

The Company has entered into the following continuing connected transactions, which the Stock Exchange has either granted waivers to or exempted from the independent Shareholders' approval, but subject to disclosure in the annual report under Rule 14A.34 of the Listing Rules. Details of these transactions are set out below:

#### 1. Water Supply Agreements

Pursuant to the water supply agreement dated 27 March 2007 and the water supply supplemental agreements dated 20 June 2008 and 17 December 2010 (together, the "Jiangkou Water Supply Agreement") between Shunde CG and Foshan Shunde Jiangkou Water Plant Co., Ltd. ("Jiangkou Water Plant Co.") and the water supply agreement dated 27 March 2007 and the water supply supplemental agreement dated 15 December 2009 (together, the "Crystal Water Supply Agreement") between Zengcheng Country Garden Property Development Co., Ltd. ("Zengcheng CG") and Zengcheng Crystal Water Plant Co., Ltd. ("Crystal Water Plant Co."), Jiangkou Water Plant Co. and Crystal Water Plant Co. shall provide the Group water supply for use in operations in Panyu District, Shunde District and in Zengcheng District. The terms of Jiangkou Water Supply Agreement shall be three years commencing on 1 January 2011 and subject to the annual caps of not exceeding RMB4.5 million for each of the years 2011, 2012 and 2013 respectively. The terms of Crystal Water Supply Agreement shall be three years commencing from 1 January 2010 and subject to the annual caps of not exceeding RMB17 million for each of the years 2010, 2011 and 2012 respectively. The water supply shall be at rates no more favourable than rates chargeable by other water plants operated by independent third parties in Panyu District, Shunde District and Zengcheng District. The water fees received by Jiangkou Water Plant Co. and Crystal Water Plant Co. during the year amounted to RMB4.02 million and RMB6.28 million respectively.

Each of Jiangkou Water Plant Co. and Crystal Water Plant Co. is owned as to 52% by Ms. YANG Huiyan, as to 12% by Mr. YANG Erzhu, as to 12% by Mr. SU Rubo, as to 12% by Mr. OU Xueming and as to 12% by Mr. ZHANG Yaoyuan. Jiangkou Water Plant Co. and Crystal Water Plant Co. are associates of a connected person of the Company as Ms. YANG Huiyan is a Director and a substantial Shareholder of the Company.

#### 2. Design Services Agreements

Pursuant to the design services agreement dated 27 March 2007 and the design services supplemental agreements dated 20 June 2008, 17 December 2010 and 31 October 2012 (together, the "Design Services Agreement") entered into between Shunde CG and Elite Architectural, Elite Architectural agreed to provide property design, interior design services and survey work to the Group on term no less favourable than those offered by independent third parties to the Group for comparable services for three years commencing on 1 January 2011 and subject to annual cap of RMB650 million for each of the years 2011, 2012 and 2013 respectively. During the year, the total amount of design services charged by Elite Architectural amounted to RMB395.9 million.

Elite Architectural is owned as to 52% by Ms. YANG Huiyan, as to 12% by Mr. YANG Erzhu, as to 12% by Mr. SU Rubo, as to 12% by Mr. OU Xueming and as to 12% by Mr. ZHANG Yaoyuan. Elite Architectural is an associate of a connected person of the Company as Ms. YANG Huiyan is a Director and a substantial Shareholder of the Company.

## Report of the Directors

### 3. Cement Product Sales Agreements

Pursuant to the cement products sales agreement dated 27 March 2007 and the cement products sales supplemental agreement dated 15 December 2009 (together, the "Cement Products Agreement") entered into between Guangdong Giant Leap Construction Co., Ltd. ("Giant Leap") and Grand Pipe, Grand Pipe agreed to supply cement products to Giant Leap on terms (including but not limited to pricing) no less favourable than those offered by Grand Pipe to independent third parties for three years commencing on 1 January 2010 and subject to annual cap of not exceeding RMB240 million for each of the years 2010, 2011 and 2012 respectively. During the year, the amount of cement purchased by Giant Leap amounted to RMB11.28 million.

Grand Pipe is a non-wholly owned subsidiary of Lida Investment. Lida Investment is owned as to 52% by Ms. YANG Meirong (a sister of Mr. YEUNG Kwok Keung), as to 12% by Mr. YANG Minsheng (a son of Mr. YANG Erzhu), as to 12% by Mr. SU Zhixian (a son of Mr. SU Rubo), as to 12% by Mr. ZHANG Chibiao (a son of Mr. ZHANG Yaoyuan) and as to 12% by Ms. OU Jieping (a daughter of Mr. OU Xueming). As Grand Pipe is owned as to 73.6% by Lida Investment, an associate of Mr. YEUNG Kwok Keung, Grand Pipe is thus an associate of a connected person of the Company.

### 4. Construction Services Agreements

Pursuant to the certain construction services agreements ("Construction Services Agreements") entered into by Giant Leap and Qingyuan CG between 10 August 2005 to 10 April 2006 (as amended by a supplemental agreement dated 27 March 2007), Giant Leap agreed to provide construction services to Qingyuan CG in respect of the development of properties at the site located in Shijiao Town, Qingcheng City, Qingyuan (the "Qingyuan Project") for an aggregate amount of approximately RMB1,723 million. Such construction services are charged by Giant Leap with reference to market rates and on terms no more favourable than those offered by independent third parties to Qingyuan CG. The charge for the construction services was determined with reference to estimated costs plus profits for provision of such service. On 15 December 2009, Giant Leap and Qingyuan CG entered into an amendment agreement, pursuant to which, the parties agreed to further extend the construction periods of the Qingyuan Project, being the only outstanding property development project under the Construction Services Agreements for a term of three years commencing on 1 January 2010 and subject to the annual caps of not exceeding RMB250 million for a period of 3 years in 2010, 2011 and 2012 respectively and that Giant Leap would continue to provide construction services to Qingyuan CG for the Qingyuan Project on the terms as provided under the Construction Services Agreements as extended by the amendment agreement. During the year, the value of construction services provided by Giant Leap amounted to RMB93.14 million.

Qingyuan CG is owned as to 52% by Ms. YANG Huiyan, as to 12% by Mr. YANG Erzhu, as to 12% by Mr. SU Rubo, as to 12% by Mr. OU Xueming and as to 12% by Mr. ZHANG Yaoyuan. Qingyuan CG is an associate of a connected person of the Company as Ms. YANG Huiyan is a Director and a substantial Shareholder of the Company.

### 5. Lighting Supply Agreement

Pursuant to the lighting sales and supply framework agreement dated 31 October 2012 (the "Lighting Supply Agreement") entered into between Shunde CG and Guangdong Shenghui, Guangdong Shenghui agreed to supply lighting equipments, distribution board/control cabinet and provide relevant design and installation work to the Group at the price no less favourable than those offered by independent third parties to the Group commencing from 31 October 2012 to 31 December 2014 and subject to annual cap of RMB100 million, RMB150 million and RMB180 million for each of the years 2012, 2013 and 2014 respectively. During the year, the total amount of supply of relevant products and services charged by Guangdong Shenghui amounted to RMB91.54 million.

Guangdong Shenghui is a wholly owned subsidiary of Foshan Shunde Chuangyuan Investment Limited ("Chuangyuan Investment"). Chuangyuan Investment is owned as to 90% by Ms. YANG Ziying and as to 10% by Mr. CHEN Chong. Guangdong Shenghui is an associate of a connected person of the Company as Ms. YANG Ziying is a Director of the Company.

Ms. YANG Huiyan is a Director and a substantial Shareholder of the Company. Each of Messrs. YANG Ziying, YANG Erzhu, SU Rubo, OU Xueming and ZHANG Yaoyuan is a Director of the Company. Ms. YANG Huiyan, Ms. YANG Ziying, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan and Mr. OU Xueming are connected persons of the Company. Accordingly, all the transactions contemplated under these agreements constitute continuing connected transactions of the Company under the Listing Rules.

## Report of the Directors

The above continuing connected transactions are all subject to full reporting and announcement requirements but exempt from the independent Shareholders' approval under Rule 14A.34 of the Listing Rules.

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive Directors of the Company, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan and Ms. HUANG Xiao, have reviewed the continuing connected transactions and confirmed that the continuing connected transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For the purpose of Rule 14A.38 of the Listing Rules, PricewaterhouseCoopers, the auditor of the Company, has provided a letter to the Board, confirmed that the continuing connected transactions:

- (i) have received the approval of the Board;
- (ii) have been entered into in accordance with the relevant agreements governing the transactions; and
- (iii) have not exceeded the respective annual caps.

## RELATED PARTY TRANSACTIONS

During the year ended 31 December 2012, certain Directors and their close family members, and companies controlled by certain Directors and/or their close family members entered into transactions with the Group which are disclosed in note 39 "Related Party Transactions" to the consolidated financial statements of the Group.

## SHARE OPTIONS

On 20 March 2007, a share option scheme (the "Share Option Scheme") was adopted and approved by the then Shareholders. A summary of the principal terms of the Share Option Scheme is set out as follow:

### (i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives to the participants.

### (ii) Who may join

The participants of the Share Option Scheme are employees including the executive Directors and non-executive Directors of the Company and its subsidiaries.

### (iii) Grant of Options

The Board shall be entitled at any time, within 10 years after the date of adoption of the Share Option Scheme to make an offer of the grant to any participant.

### (iv) Payment on acceptance of option offer

HK\$1.00 is payable by the participant to the Company on acceptance of the option offer as consideration for the grant.

### (v) Subscription Price of Shares

The subscription price of option to subscribe for shares granted pursuant to the Share Option Scheme shall be the highest of:

- the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date on which an offer is made to a participant, which must be a business day;
- the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an offer is made; and
- the nominal value of the shares of the Company.



## Report of the Directors

### (vi) Maximum number of Shares available for subscription

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the Shareholders. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme must not exceed 30% of the issued share capital of the Company from time to time. As at the date of this annual report, a total of 1,636,000,000 shares (including options to subscribe for 3,000,000 shares that have been granted but not yet lapsed or exercised)(representing 8.97% of the issued share capital of the Company at the date of this annual report) are available for issue under the Share Option Scheme.

### (vii) Maximum entitlement of Shares of each Participant

The total number of shares issued and to be issued upon exercise of all options granted under the Share Option Scheme to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. Shares issued and to be issued upon exercise of all options granted under the Share Option Scheme (including options exercised, cancelled and outstanding) to a participant who is a substantial Shareholder or an independent non-executive Director in any 12 months period, (1) representing in aggregate more than 0.1% of the total number of Shares in issue and (2) having an aggregate value, based on the closing price of the Shares at the date of each grant in excess of HK\$5,000,000, the proposed grant of option must be approved by the Shareholders by poll in general meeting.

### (viii) Time of exercise of option

The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years from the date of grant of the relevant option. The Board has the authority to determine the minimum period for which an option must be held before it can be exercised.

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. Details of movements in the share options under the Share Option Scheme during the year are as follows:

Category and name of grantees	Options to subscribe for shares of the Company			Date of grant	Exercise period	Exercise price per share
	At the beginning of the year	Granted during the year	At the end of the year			
<b>Directors of the Company</b>						
Mr. LAI Ming, Joseph	—	1,000,000	1,000,000	30.11.2012	30.11.2012–29.11.2022	HK\$3.7
Mr. SHEK Lai Him, Abraham	—	1,000,000	1,000,000	30.11.2012	30.11.2012–29.11.2022	HK\$3.7
Mr. TONG Wui Tong, Ronald	—	1,000,000	1,000,000	30.11.2012	30.11.2012–29.11.2022	HK\$3.7

## 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.

## Report of the Directors

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors of the Company who held office at 31 December 2012 had the following interests in the shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) at the balance sheet date as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules:

#### (a) Long positions in the shares, derivative interests, underlying shares and debentures of the Company

Name of Director	Capacity	Number of ordinary shares held	Number of derivative interests held	Number of underlying shares held <sup>1</sup>	Total	Percentage to the issued share capital as at 31.12.2012	Amount of debentures held
Mr. YEUNG Kwok Keung	Interest of controlled corporation	—	—	—	—	—	US\$11,300,000 <sup>2</sup> US\$11,000,000 <sup>3</sup>
Ms. YANG Huiyan	Interest of controlled corporation	10,481,739,707	—	—	10,481,739,707 <sup>4</sup>	57.49%	—
Mr. YANG Erzhu	Interest of controlled corporation	1,019,733,743	—	—	1,019,733,743 <sup>4</sup>	5.59%	—
Mr. SU Rubo	Interest of controlled corporation	721,161,893	29,967,604	—	751,129,497 <sup>4</sup>	4.12%	—
Mr. ZHANG Yaoyuan	Interest of controlled corporation	856,072,771	—	—	856,072,771 <sup>4</sup>	4.69%	—
Mr. OU Xueming	Interest of controlled corporation	772,144,068	—	—	772,144,068 <sup>4</sup>	4.23%	—
Mr. YANG Yongchao	Interest of spouse	3,554,425	—	—	3,554,425 <sup>5</sup>	0.01%	—
Mr. LAI Ming, Joseph	Beneficial owner	—	—	1,000,000	1,000,000	0.01%	—
Mr. SHEK Lai Him, Abraham	Beneficial owner	—	—	1,000,000	1,000,000	0.01%	—
Mr. TONG Wui Tong, Ronald	Beneficial owner	—	—	1,000,000	1,000,000	0.01%	—

Notes:

- The relevant interests are unlisted physically settled options granted pursuant to the Share Options Scheme. Upon exercise of the share options in accordance with the Share Options Scheme, ordinary shares of HK\$0.10 each in the share capital of the Company are issuable. The share options are personal to the respective Directors. Further details of the share options are set out in the section headed "Share Options Scheme" above.
- These debentures represent the US\$550 million 11.25% senior notes due 2017 held by Joy House Enterprises Limited in which Mr. YEUNG Kwok Keung beneficially owns 99% of the issued share capital.
- These debentures represent the US\$900 million 11.125% senior notes due 2018 held by Joy House Enterprises Limited in which Mr. YEUNG Kwok Keung beneficially owns 99% of the issued share capital and by Kenpac Investments Limited in which Mr. YEUNG Kwok Keung beneficially owns 90% of the issued share capital.
- These shares represent shares held by Concrete Win Limited, Automic Group Limited, Easy Hope Holdings Ltd., Acura International Global Limited and Highlander Group Limited in which Ms. YANG Huiyan, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan and Mr. OU Xueming beneficially owns the entire issued share capital respectively.
- These shares represent shares held by Ms. SU Yuming, being the spouse of Mr. YANG Yongchao.

#### (b) Long positions in the shares of Concrete Win Limited, an associated corporation of the Company

Name of Director	Capacity	Number of ordinary shares held	Percentage to the issued share capital as at 31.12.2012
Ms. YANG Huiyan	Beneficial owner	2	100%

Save as disclosed above, at the balance sheet date, none of the Company's Directors, chief executives or their respective associates had any other personal, family, corporate and other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Report of the Directors

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At the balance sheet date, according to the register kept by the Company under Section 336 of the SFO, the following companies and persons, other than the Directors or chief executive of the Company, had long positions of 5% or more in the shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

#### Long positions in the shares of Company

Name of shareholder	Capacity	Number of ordinary shares held	Percentage to the issued share capital as at 31.12.2012
Concrete Win Limited	Beneficial owner	10,481,739,707 <sup>1</sup>	57.49%
Automic Group Limited	Beneficial owner	1,019,733,743 <sup>2</sup>	5.59%

Notes:

- These shares are held by Concrete Win Limited, the entire issued share capital of which is beneficially owned by Ms. YANG Huiyan.
- These shares are held by Automic Group Limited, the entire issued share capital of which is beneficially owned by Mr. YANG Erzhu.

Save as disclosed above, at the balance sheet date, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position of 5% or more in the shares and underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

### 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, except for (i) to those referred to under the section "Employee Incentive Scheme" and (ii) convertible bond referred to as set out in Note 23 to the Consolidated Financial Statement in this report.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

### CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

### SUFFICIENCY OF PUBLIC FLOAT

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total issued share capital must at all times be held by the public; and (ii) where an issuer has more than one class of securities apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued share capital.

However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital, and must have an expected market capitalization at the time of listing of not less than HK\$10,000 million.



## Report of the Directors

The Group has applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange exercised its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of the Company of 15% (assuming the Overallotment Option is not exercised) or such higher percentage of the issued share capital as will be held by the public in the event that the whole or a part of the Overallotment Option is exercised (which discretion may be exercised in respect of issuers with an expected market capitalization at the time of listing of over HK\$10,000 million) on the basis that the Stock Exchange is satisfied that the number of the Shares concerned and the extent of their distribution will enable the market to operate properly with the lower percentage, and on the condition that we will make appropriate disclosure of the lower prescribed percentage of public float in the prospectus of the Company issued on 3 April 2007 and confirm sufficiency of public float in the successive annual reports after listing. At the time of the listing of the Company on 20 April 2007, the market capitalization exceeded HK\$10,000 million.

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Directors confirm that the Company has maintained the amount of public float as required under the Listing Rules.

### AUDITOR

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor for the ensuing year is to be proposed at the forthcoming annual general meeting.

### PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders of the Company are unsure about the taxation implications of purchasing, holdings, disposing of, dealing in, or the exercise of any rights in relation to, the Shares, they are advised to consult an expert.

### 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.

For and on behalf of the Board

**YEUNG Kwok Keung**

*Chairman*

Foshan, Guangdong Province, PRC, 19 March 2013

# Independent Auditor's Report



羅兵咸永道

## TO THE SHAREHOLDERS OF COUNTRY GARDEN HOLDINGS COMPANY LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of Country Garden Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 141, which comprise the consolidated and company balance sheets as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

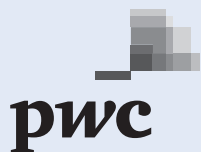
We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong*  
T: +852 2289 8888, F: +852 2810 9888, [www.pwchk.com](http://www.pwchk.com)

## Independent Auditor's Report



羅兵咸永道

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 19 March 2013



# Consolidated Balance Sheet

		As at 31 December	
		2012	2011
	Note	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	11,613,913	8,055,297
Investment property	7	118,329	125,963
Intangible assets	8	22,632	18,496
Land use rights	9	1,390,218	1,326,078
Properties under development	10	25,700,500	26,551,380
Investment in an associate	11	114,351	204,762
Deferred income tax assets	26	1,449,327	1,299,297
Other non-current assets	12	201,722	—
		<b>40,610,992</b>	37,581,273
<b>Current assets</b>			
Properties under development	10	39,155,431	28,370,042
Completed properties held for sale	14	18,497,241	12,876,349
Inventories	15	347,514	248,795
Trade and other receivables	16	17,123,921	12,535,495
Prepaid taxes		3,927,083	3,305,092
Restricted cash	17	5,050,935	4,649,017
Cash and cash equivalents	18	11,809,031	7,744,362
		<b>95,911,156</b>	69,729,152
<b>Total assets</b>		<b>136,522,148</b>	107,310,425
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital and premium	19	19,368,755	15,382,196
Other reserves	21	1,901,964	1,367,898
Retained earnings			
— proposed final dividend	33	2,527,303	2,163,450
— others	21	13,779,127	10,076,693
		<b>37,577,149</b>	28,990,237
<b>Non-controlling interests</b>		<b>1,307,259</b>	1,077,027
<b>Total equity</b>		<b>38,884,408</b>	30,067,264

## Consolidated Balance Sheet

		As at 31 December	
		2012	2011
	Note	RMB'000	RMB'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank borrowings	22	13,603,287	7,408,301
Senior notes	24	14,213,224	14,204,447
Convertible bond	23	—	884,128
Deferred government grants		189,520	189,520
Deferred income tax liabilities	26	924,381	785,163
		<b>28,930,412</b>	23,471,559
<b>Current liabilities</b>			
Advanced proceeds received from customers		33,353,645	27,865,011
Trade and other payables	27	19,030,298	12,810,345
Income taxes payable		7,227,236	5,707,482
Bank borrowings	22	8,152,283	6,468,990
Derivative financial instruments	25	—	919,774
Convertible bond	23	943,866	—
		<b>68,707,328</b>	53,771,602
<b>Total liabilities</b>		<b>97,637,740</b>	77,243,161
<b>Total equity and liabilities</b>		<b>136,522,148</b>	107,310,425
<b>Net current assets</b>		<b>27,203,828</b>	15,957,550
<b>Total assets less current liabilities</b>		<b>67,814,820</b>	53,538,823

The notes on pages 59 to 141 are an integral part of these consolidated financial statements.

The financial statements on pages 51 to 141 were approved by the Board of Directors on 19 March 2013 and were signed on its behalf.

**Mo Bin**  
Director

**Yang Erzhu**  
Director

# Balance Sheet

		As at 31 December	
		2012	2011
	Note	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	13	<b>25,973,294</b>	22,046,832
<b>Current assets</b>			
Amounts due from subsidiaries	13	<b>13,868,726</b>	10,257,913
Restricted cash	17	<b>34,054</b>	1,575,225
Cash and cash equivalents	18	<b>81,123</b>	493,384
		<b>13,983,903</b>	12,326,522
<b>Total assets</b>		<b>39,957,197</b>	34,373,354
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital and premium	19	<b>19,748,991</b>	15,762,432
Other reserves	21	<b>32,801</b>	29,801
Retained earnings			
— proposed final dividend	33	<b>2,527,303</b>	2,163,450
— others	21	<b>343,607</b>	245,825
<b>Total equity</b>		<b>22,652,702</b>	18,201,508



## Balance Sheet

	Note	As at 31 December	
		2012	2011
		RMB'000	RMB'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank borrowings	22	893,755	—
Senior notes	24	14,213,224	14,204,447
Convertible bond	23	—	884,128
		15,106,979	15,088,575
<b>Current liabilities</b>			
Amounts due to subsidiaries	13	673,500	1,357
Bank borrowings	22	580,150	162,140
Derivative financial instruments	25	—	919,774
Convertible bond	23	943,866	—
		2,197,516	1,083,271
<b>Total liabilities</b>		17,304,495	16,171,846
<b>Total equity and liabilities</b>		39,957,197	34,373,354
<b>Net current assets</b>		11,786,387	11,243,251
<b>Total assets less current liabilities</b>		37,759,681	33,290,083

The notes on pages 59 to 141 are an integral part of these consolidated financial statements.

The financial statements on pages 51 to 141 were approved by the Board of Directors on 19 March 2013 and were signed on its behalf.

**Mo Bin**  
Director

**Yang Erzhu**  
Director

# Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December	
		2012 RMB'000	2011 RMB'000
<b>Revenue</b>	5	<b>41,890,984</b>	34,748,305
Cost of sales	29	<b>(26,551,479)</b>	(22,752,634)
<b>Gross profit</b>		<b>15,339,505</b>	11,995,671
Other gains — net	28	<b>103,293</b>	43,115
Selling and marketing costs	29	<b>(2,186,059)</b>	(1,128,443)
Administrative expenses	29	<b>(1,568,279)</b>	(1,319,473)
<b>Operating profit</b>		<b>11,688,460</b>	9,590,870
Finance income		<b>132,382</b>	101,318
Finance costs		<b>(258,825)</b>	(221,564)
Finance costs — net	31	<b>(126,443)</b>	(120,246)
Share of (loss)/profit of an associate and a jointly controlled entity	11,12	<b>(93,689)</b>	120,937
Fair value changes on derivative financial instruments		<b>73,585</b>	15,174
<b>Profit before income tax</b>		<b>11,541,913</b>	9,606,735
Income tax expenses	32	<b>(4,657,351)</b>	(3,768,582)
<b>Profit for the year</b>		<b>6,884,562</b>	5,838,153
<b>Other comprehensive income</b>			
Currency translation differences		<b>(6,028)</b>	—
<b>Total comprehensive income for the year</b>		<b>6,878,534</b>	5,838,153

## Consolidated Statement of Comprehensive Income

		Year ended 31 December	
		2012	2011
	Note	RMB'000	RMB'000
<b>Profit attributable to:</b>			
Owners of the Company		<b>6,852,651</b>	5,813,180
Non-controlling interests		<b>31,911</b>	24,973
		<b>6,884,562</b>	5,838,153
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>6,849,323</b>	5,813,180
Non-controlling interests		<b>29,211</b>	24,973
		<b>6,878,534</b>	5,838,153
<b>Earnings per share attributable to owners of the Company (expressed in RMB cents per share)</b>			
Basic	36	<b>38.06</b>	33.30
Diluted	36	<b>37.96</b>	33.30

The notes on pages 59 to 141 are an integral part of these consolidated financial statements.

		Year ended 31 December	
		2012	2011
	Note	RMB'000	RMB'000
<b>Dividends</b>	33	<b>2,527,303</b>	2,163,450



# Consolidated Statement of Changes in Equity

	Share capital and premium RMB'000 (note 19)	Other reserves and retained earnings RMB'000 (note 21)	Non- controlling interests RMB'000	Total RMB'000
<b>Balance at 1 January 2011</b>	15,392,104	9,429,317	596,654	25,418,075
<b>Total comprehensive income for the year</b>	—	5,813,180	24,973	5,838,153
<b>Transactions with owners in their capacity as owners:</b>				
Capital injections	—	—	455,400	455,400
Purchase of treasury shares	(9,908)	—	—	(9,908)
2010 final dividends	—	(1,604,790)	—	(1,604,790)
Effect of redemption of convertible bond	—	(29,666)	—	(29,666)
<b>Total transactions with owners</b>	(9,908)	(1,634,456)	455,400	(1,188,964)
<b>Balance at 31 December 2011</b>	15,382,196	13,608,041	1,077,027	30,067,264
<b>Balance at 1 January 2012</b>	<b>15,382,196</b>	<b>13,608,041</b>	<b>1,077,027</b>	<b>30,067,264</b>
<b>Total comprehensive income for the year</b>	—	<b>6,849,323</b>	<b>29,211</b>	<b>6,878,534</b>
<b>Transactions with owners in their capacity as owners:</b>				
Capital injections	—	—	<b>281,611</b>	<b>281,611</b>
2011 final dividends (note 33)	—	<b>(2,251,970)</b>	<b>(80,590)</b>	<b>(2,332,560)</b>
Issue of shares as a result of placing (note 19(a))	<b>1,734,589</b>	—	—	<b>1,734,589</b>
Issue of shares as a result of the scrip dividend scheme (note 19(b))	<b>2,251,970</b>	—	—	<b>2,251,970</b>
Employee share option scheme: — Value of employee services (note 20)	—	<b>3,000</b>	—	<b>3,000</b>
<b>Total transactions with owners</b>	<b>3,986,559</b>	<b>(2,248,970)</b>	<b>201,021</b>	<b>1,938,610</b>
<b>Balance at 31 December 2012</b>	<b>19,368,755</b>	<b>18,208,394</b>	<b>1,307,259</b>	<b>38,884,408</b>

The notes on pages 59 to 141 are an integral part of these consolidated financial statements.

# Consolidated Cash Flow Statement

		Year ended 31 December	
		2012	2011
	Note	RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	34	<b>3,994,913</b>	2,485,896
Income tax paid		<b>(3,466,061)</b>	(2,867,997)
Interest paid		<b>(3,012,054)</b>	(2,104,761)
<b>Net cash used in operating activities</b>		<b>(2,483,202)</b>	(2,486,862)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		<b>(3,894,485)</b>	(2,783,362)
Purchases of intangible assets	8	<b>(10,190)</b>	(4,591)
Purchases of land use rights		<b>(1,679)</b>	(34,930)
Prepayment for an investment	12	<b>(200,000)</b>	—
Investment in a jointly controlled entity	12	<b>(5,000)</b>	—
Proceeds from disposal of property, plant and equipment	34	<b>10,289</b>	10,335
Government grants received		<b>—</b>	81,740
Interest received	31	<b>132,382</b>	101,318
<b>Net cash used in investing activities</b>		<b>(3,968,683)</b>	(2,629,490)
<b>Cash flows from financing activities</b>			
Capital contributions from non-controlling interests		<b>281,611</b>	455,400
Issue of shares as a result of placing	19	<b>1,734,589</b>	—
Net proceeds from termination of equity swap	25	<b>713,046</b>	—
Purchase of treasury shares		<b>—</b>	(9,908)
Redemption of convertible bond		<b>—</b>	(585,296)
Net proceeds from the issuance of senior notes	24	<b>—</b>	5,770,437
Proceeds from bank borrowings		<b>16,921,991</b>	10,586,922
Repayments of bank borrowings		<b>(9,043,712)</b>	(6,619,458)
Dividends paid to the Company's shareholders		<b>—</b>	(1,604,790)
Dividends paid to non-controlling interests		<b>(80,590)</b>	—
<b>Net cash generated from financing activities</b>		<b>10,526,935</b>	7,993,307
<b>Net increase in cash and cash equivalents</b>		<b>4,075,050</b>	2,876,955
Cash and cash equivalents at the beginning of the year		<b>7,744,362</b>	5,094,298
Exchange losses on cash and cash equivalents		<b>(10,381)</b>	(226,891)
<b>Cash and cash equivalents at the end of the year</b>	18	<b>11,809,031</b>	7,744,362

The notes on pages 59 to 141 are an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

## 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.

### 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 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

**(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.

## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of preparation (continued)

(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 (continued):*

- 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.



## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of preparation (continued)

(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 (continued):*

- 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.

## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of preparation (continued)

(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 (continued):*

- 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.

#### 2.2 Subsidiaries

##### 2.2.1 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise from circumstances where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Subsidiaries (continued)

##### 2.2.1 Consolidation (continued)

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### (i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

##### (ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Subsidiaries (continued)

##### 2.2.1 Consolidation (continued)

###### (iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

##### 2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

#### 2.3 Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in profit or loss.



## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.3 Associates (continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

#### 2.4 Joint ventures

The Group's interests in jointly controlled entities are accounted for using the equity method, which is similar to that for associates in note 2.3 above. The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the statements of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of loss in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

The Group determines at each reporting date whether there is any objective evidence that the investment in jointly controlled entities is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the jointly controlled entities and its carrying value and recognises the amount adjacent to "share of profit/(loss) of a jointly controlled entity" in profit or loss.

#### 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company (the "ED") that makes strategic decisions.

#### 2.6 Foreign currency translation

##### (i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional currency and the Group's presentation currency.

##### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when defined in equity as qualifying cash flow hedges or qualifying net investment hedges.

## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.6 Foreign currency translation (continued)

##### (ii) Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains — net'.

Translation difference on non-monetary financial assets and liabilities are recognised in profit or loss as part of the fair value gain or loss.

##### (iii) Group companies

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

#### 2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20–39 years
Motor vehicles	5–10 years
Machinery	5–10 years
Furniture, fitting and equipment	5–8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.7 Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.10).

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within 'other gains-net' in the consolidated statement of comprehensive income.

#### 2.8 Investment property

Property that is held for long-term rental yields, and that is not occupied by the Group, is classified as investment property.

Investment property is stated at historical cost less accumulated depreciation and impairment loss, if any. It is depreciated using the straight line method over its estimated useful life of 20 years. Subsequent expenditure is charged to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Property that is being constructed or developed for future use as investment property is classified as investment properties and carried at cost.

#### 2.9 Intangible assets

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 5 to 10 years on a straight-line basis.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

#### 2.10 Impairment of non-financial assets

Assets that have an indefinite useful life — for example, goodwill or intangible assets not ready to use — are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## Notes to the Consolidated Financial Statements

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.11 Financial assets

#### 2.11.1 Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet (note 2.18).

#### 2.11.2 Recognition and measurement

Regular way purchases and sales of investments are recognised on trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

### 2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### 2.13 Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.



## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.13 Impairment of financial assets carried at amortised cost (continued)

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

#### 2.14 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

#### 2.15 Completed properties held for sale

Completed properties remaining unsold at year ended are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

#### 2.16 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.17 Construction contracts

A construction contract is defined by HKAS 11 as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the “percentage of completion method” to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within “trade and other receivables”.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

#### 2.18 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.19 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

#### 2.20 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes,) is deducted from equity attributable to the Company's owners until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

#### 2.21 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to construction of hotel properties are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets when they are completed and ready for use.

#### 2.22 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 2.23 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.24 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 2.25 Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

#### 2.26 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bond that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry or when the Company redeems some or all of the convertible bond upon exercise of the put option by the bond holders (note 23).



## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.27 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

For derivative financial instruments do not qualify for hedge accounting, changes in fair value are recognised immediately in profit or loss.

#### 2.28 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income.

##### (i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (ii) Deferred income tax

###### *Inside basis differences*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

###### *Outside basis differences*

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.28 Current and deferred income tax (continued)

##### (iii) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 2.29 Employee benefits

##### (i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

##### (ii) *Retirement benefits*

In accordance with the rules and regulations in the People's Republic of China (the "PRC"), the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this MPF Scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.30 Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

#### 2.31 Provisions and contingent liabilities

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.31 Provisions and contingent liabilities (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

#### 2.32 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. Revenue is recognised as follows:

##### (i) *Sales of properties*

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectibility of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as advanced proceeds received from customers under current liabilities.

##### (ii) *Construction services*

Revenue arising from construction services is recognised in the accounting period in which the services is rendered, by reference to completion of the specific transaction assessed on the basis of the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract (note 2.17).

##### (iii) *Hotel operation*

Revenue from hotel operation is recognised in the accounting period in which the services are rendered.



## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.32 Revenue recognition (continued)

##### (iv) *Property management*

Revenue arising from property management is recognised in the accounting period in which the services are rendered.

##### (v) *Decoration services*

Revenue from decoration services is recognised in the accounting period in which the services are rendered.

##### (vi) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method.

##### (vii) *Rental income*

Rental income from properties letting under operating leases is recognised on a straight line basis over the lease terms.

#### 2.33 Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

##### (i) *The Group is the lessee*

###### (a) *The Group is the lessee other than operating lease of land use rights*

Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

###### (b) *The Group is the lessee under operating lease of land use rights*

The Group made upfront payments to obtain operating leases of land use rights. The upfront payments of the land use rights are recorded as assets. The amortisation of land use rights is recognised as an expense on a straight-line basis over the unexpired period of the land use rights.

##### (ii) *The Group is the lessor*

Assets leased out under operating leases are included in property, plant and equipment and completed properties held for sale in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

#### 2.34 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.35 Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is a pre-existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

The Group assesses at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in the consolidated statement of comprehensive income.

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers and financial guarantee contracts provided to its related parties as insurance contracts.

### 3 FINANCIAL RISK MANAGEMENT

The Group conducts its operations in the PRC and accordingly is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC, which will affect the volumes of property transactions and selling prices. The Group mainly relies on sales of properties and borrowings to fund its operations. All borrowings due for repayment in 2013 are anticipated to be repaid according to the terms of the loan agreements as the Group considers no renewal is necessary given its sufficient cash to finance its obligation. The Group has alternative plans (refer to note 3(a)(iv)) to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

#### (a) Financial risk factors

##### (i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. The majority of assets is denominated in RMB. The majority of non-RMB assets and liabilities are bank deposits and borrowings denominated in Hong Kong Dollar ("HKD") and the United States dollar ("USD"). The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB. The majority of the Group's foreign currency transactions and balances are denominated in USD. The Group currently does not have a foreign currency hedging policy. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

## Notes to the Consolidated Financial Statements

## 3 FINANCIAL RISK MANAGEMENT (continued)

## (a) Financial risk factors (continued)

## (i) Foreign exchange risk (continued)

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective balance sheet dates are as follows:

	Group		Company	
	As at 31 December 2012	2011	As at 31 December 2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
HKD	193,345	57,215	37,106	3,041
USD	665,580	2,615,856	77,954	1,972,165
	858,925	2,673,071	115,060	1,975,206
Liabilities				
HKD	162,160	162,140	162,160	162,140
USD	15,524,969	14,204,447	15,524,969	14,204,447
	15,687,129	14,366,587	15,687,129	14,366,587

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. If there was a 5% increase in RMB against the relevant currencies, the effect on the post-tax profit for the year would be as follows:

	Group		Company	
	As at 31 December 2012	2011	As at 31 December 2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
HKD (Decrease)/Increase in profit for the year	(1,559)	5,246	6,253	7,955
USD Increase in profit for the year	742,969	579,430	772,351	611,614

## (ii) Cash flow and fair value interest rate risk

## The Group

The Group's interest rate risk arises from interest bearing bank deposits, bank borrowings, convertible bond and senior notes. Bank deposits and bank borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Convertible bond and senior notes issued at fixed rates expose the Group to fair value interest rate risk.

## Notes to the Consolidated Financial Statements

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (a) Financial risk factors (continued)

##### (ii) Cash flow and fair value interest rate risk (continued)

###### *The Group (continued)*

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Group currently does not use any interest rate swaps to hedge its exposure to interest rate risk. However, the Group will consider hedging significant interest rate exposure should the need arise.

The directors of the Company consider that the fluctuation in interest rate has no material impact on the Group's post-tax profit for years 2012 and 2011 as most of interest expenses were capitalised.

###### *The Company*

The Company's interest rate risk arises from interest bearing bank deposits and borrowings. Bank deposits and borrowings issued at variable rates expose the Company to cash flow interest-rate risk.

As at 31 December 2012 and 2011, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit for the current/prior year would have been RMB14,739,000 and RMB1,621,000 lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

##### (iii) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, and cash deposits with banks.

The carrying amounts of trade and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk, deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counter parties and customers.



## Notes to the Consolidated Financial Statements

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (a) Financial risk factors (continued)

##### (iii) Credit risk (continued)

For prepayments in respect of acquisition of land use rights, the Group considers the risk is minimal as these prepayments were paid to the PRC government and will transfer to land use rights upon obtaining certificates from the PRC government. The Group has policies in place to monitor the issuance status of land use rights certificates.

For properties that are still under construction, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price would drop by no less than 30%, which is remote, the Group would not be in a loss position in selling those properties out. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced (refer to note 4(b) for more information).

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 37.

No credit limits were exceeded during the year, and management does not expect any losses from non-performance by these counter parties.

##### (iv) Liquidity risk

Management aims to maintain sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ending 31 December 2013. Key assumptions used in the preparation of the cash flow projections for the year ending 31 December 2013 include: (1) proceeds from pre-sales in 2013 is expected to be higher than that of 2012; (2) construction payments match receipt of the relevant proceeds from pre-sales; (3) available project loan facility is expected to be no less than that of 2012 and (4) no breach of debt covenants is anticipated in 2013.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting and further slowing down the construction progress as appropriate to ensure available resources for the development of properties for sale, implementing cost control measures, accelerating sales with more flexible pricing and issuing senior notes. The Group, will base on its assessment of the relevant future costs and benefits, pursue such options as are appropriate. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

## Notes to the Consolidated Financial Statements

## 3 FINANCIAL RISK MANAGEMENT (continued)

## (a) Financial risk factors (continued)

## (iv) Liquidity risk (continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

## Group

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2012					
Bank borrowings (principal amount plus interest)	9,598,727	7,271,074	6,799,625	997,103	24,666,529
Convertible bond (principal amount plus interest)	957,163	—	—	—	957,163
Senior notes (principal amount plus interest)	1,559,197	3,916,259	9,095,511	5,971,618	20,542,585
Trade and other payables (excluding other taxes payable and salaries payable)	16,699,531	—	—	—	16,699,531
Total	28,814,618	11,187,333	15,895,136	6,968,721	62,865,808

## Company

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2012					
Bank borrowings (principal amount plus interest)	630,203	770,938	125,904	—	1,527,045
Convertible bond (principal amount plus interest)	957,163	—	—	—	957,163
Senior notes (principal amount plus interest)	1,559,197	3,916,259	9,095,511	5,971,618	20,542,585
Total	3,146,563	4,687,197	9,221,415	5,971,618	23,026,793

## Notes to the Consolidated Financial Statements

## 3 FINANCIAL RISK MANAGEMENT (continued)

## (a) Financial risk factors (continued)

## (iv) Liquidity risk (continued)

## Group

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2011					
Bank borrowings					
(principal amount plus interest)	7,236,140	4,726,019	2,844,227	412,551	15,218,937
Convertible bond					
(principal amount plus interest)	19,525	957,163	—	—	976,688
Senior notes					
(principal amount plus interest)	1,563,017	1,563,017	8,752,344	10,277,556	22,155,934
Derivative financial instruments	919,774	—	—	—	919,774
Trade and other payables (excluding other taxes payable and salaries payable)	11,287,603	—	—	—	11,287,603
Total	21,026,059	7,246,199	11,596,571	10,690,107	50,558,936

## Company

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2011					
Bank borrowings					
(principal amount plus interest)	164,859	—	—	—	164,859
Convertible bond					
(principal amount plus interest)	19,525	957,163	—	—	976,688
Senior notes					
(principal amount plus interest)	1,563,017	1,563,017	8,752,344	10,277,556	22,155,934
Derivative financial instruments	919,774	—	—	—	919,774
Total	2,667,175	2,520,180	8,752,344	10,277,556	24,217,255

## (b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

## Notes to the Consolidated Financial Statements

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (b) Capital risk management (continued)

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including convertible bond and senior notes, as shown in the consolidated balance sheet) less cash and cash equivalents.

The gearing ratios at 31 December 2012 and 2011 were as follows:

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Total borrowings including convertible bond and senior notes (notes 22, 23 and 24)	<b>36,912,660</b>	28,965,866
Less: cash and cash equivalents (note 18)	<b>(11,809,031)</b>	(7,744,362)
Net debt	<b>25,103,629</b>	21,221,504
Total equity (excluding non-controlling interests)	<b>37,577,149</b>	28,990,237
Gearing ratio	<b>66.8%</b>	73.2%

The directors of the Company consider the Group's gearing ratio is healthy.

#### (c) Fair value estimation

The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

At 31 December 2012, the Group had no financial instruments stated at fair value. At 31 December 2011, the Group had no level 1 or level 3 financial instruments; the only level 2 financial instrument represents the derivative financial instruments (note 25).

The fair value of the derivative financial instruments that are not traded in an active market was determined by using valuation techniques. The significant inputs required to fair value the derivative financial instruments represented the quoted market price of the Company's ordinary shares which is observable.



## Notes to the Consolidated Financial Statements

## 3 FINANCIAL RISK MANAGEMENT (continued)

## (d) Financial instruments by category

## Group:

At 31 December 2012	
Assets as per balance sheet	Loans and receivables RMB'000
Trade and other receivables excluding prepayments	9,301,135
Restricted cash	5,050,935
Cash and cash equivalents	11,809,031
Total	26,161,101

Liabilities as per balance sheet	Financial liabilities at amortised cost RMB'000
Bank borrowings	21,755,570
Convertible bond	943,866
Senior notes	14,213,224
Trade and other payables (excluding other taxes payable and salaries payable)	16,699,531
Total	53,612,191

At 31 December 2011	
Assets as per balance sheet	Loans and receivables RMB'000
Trade and other receivables excluding prepayments	5,786,388
Restricted cash	4,649,017
Cash and cash equivalents	7,744,362
Total	18,179,767

Liabilities as per balance sheet	Financial liabilities at fair value RMB'000	Other financial liabilities at amortised cost RMB'000	Total RMB'000
Bank borrowings	—	13,877,291	13,877,291
Convertible bond	—	884,128	884,128
Senior notes	—	14,204,447	14,204,447
Derivative financial instruments	919,774	—	919,774
Trade and other payables (excluding other taxes payable and salaries payable)	—	11,287,603	11,287,603
Total	919,774	40,253,469	41,173,243

## Notes to the Consolidated Financial Statements

## 3 FINANCIAL RISK MANAGEMENT (continued)

## (d) Financial instruments by category (continued)

*Company:*

Assets as per balance sheet	Loans and receivables	
	2012	2011
	RMB'000	RMB'000
Amounts due from subsidiaries	<b>13,868,726</b>	10,257,913
Restricted cash	<b>34,054</b>	1,575,225
Cash and cash equivalents	<b>81,123</b>	493,384
Total	<b>13,983,903</b>	12,326,522

At 31 December 2012	
Liabilities as per balance sheet	Financial liabilities at amortised cost RMB'000
Bank borrowings	<b>1,473,905</b>
Convertible bond	<b>943,866</b>
Senior notes	<b>14,213,224</b>
Amounts due to subsidiaries	<b>673,500</b>
Total	<b>17,304,495</b>

At 31 December 2011			
Liabilities as per balance sheet	Financial liabilities at fair value RMB'000	Other financial liabilities at amortised cost RMB'000	Total RMB'000
Bank borrowings	—	162,140	162,140
Convertible bond	—	884,128	884,128
Senior notes	—	14,204,447	14,204,447
Derivative financial instruments	919,774	—	919,774
Amounts due to subsidiaries	—	1,357	1,357
Total	919,774	15,252,072	16,171,846

## Notes to the Consolidated Financial Statements

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) Income taxes and deferred taxation

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

#### (b) Revenue recognition

The Group has recognised revenue from the sale of properties held for sale as disclosed in note 5. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

As disclosed in note 37, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will normally be discharged upon issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties. In order to obtain mortgages, the purchasers would have settled no less than 30% of the total contract amount in accordance with related PRC regulations upon signing the sales contract. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on the past experiences, defaults of mortgage facilities by the purchasers which resulted in the bank guarantees were called upon were rare and the financial impact was immaterial. Further, as disclosed in note 3(a)(iii), the credit risk of the Group under the circumstance that a purchaser defaults on the payment of its mortgage during the term of the guarantee is very low. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers.

## Notes to the Consolidated Financial Statements

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

#### (c) Estimates for net realisable value of properties under development and properties held for sale

As at 31 December 2012, the carrying amounts of properties under development and properties held for sale are RMB64,855,931,000 (2011: RMB54,921,422,000) and RMB18,497,241,000 (2011: RMB12,876,349,000), respectively.

The Group assesses the carrying amounts of properties under development and properties held for sale according to their net realisable value based on the realisability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion (including land costs). Net realisable value for properties held for sale is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Based on management's best estimates, there is no material impairment for properties under development and properties held for sale at 31 December 2012.

#### (d) Estimates for impairment of hotel assets

At 31 December 2012, the total carrying amounts of hotel assets (mainly including land use rights, buildings and construction in progress) are RMB9,064,730,000 (2011: RMB7,759,359,000), representing 6.6% (2011: 7.2%) of the total consolidated assets of the Group. Management performs review for impairment of the hotel assets whenever events or changes in circumstances indicate that the carrying amounts of the hotel assets may not be recoverable. In such case, the recoverable amounts of hotel assets have been determined based on value-in-use method. The value-in-use calculations require the use of significant estimates and assumptions on the projections of cash flows from the continuous use of the hotel assets. The key assumptions used in determining the value-in-use of hotel assets mainly include:

- Post-tax discount rate of 12%;
- 4% growth rate after lease-up period;
- Occupancy rates of 60% to 70% after lease-up period; and
- Lease-up period of 6 years.

Based on management's best estimates, there is no material impairment for hotel assets at 31 December 2012.

## Notes to the Consolidated Financial Statements

### 5 SEGMENT INFORMATION – GROUP

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 (note 6), investment property (note 7) and intangible assets (note 8).

Revenue consists of the following:

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



## Notes to the Consolidated Financial Statements

### 5 SEGMENT INFORMATION — GROUP (continued)

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
Operating profit/(loss)	11,667,897	30,070	47,834	(57,341)	11,688,460
<b>At 31 December 2012</b>					
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
<b>At 31 December 2011</b>					
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

## Notes to the Consolidated Financial Statements

## 5 SEGMENT INFORMATION — GROUP (continued)

Reportable operating profits are reconciled to net profit as follows:

	Year ended 31 December	
	2012 RMB'000	2011 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 RMB'000	2011 RMB'000
Total segment assets	135,072,821	104,435,903
Deferred income tax assets	1,449,327	1,299,297
Collateral for equity swap (note 17)	—	1,575,225
<b>Total assets per consolidated balance sheet</b>	<b>136,522,148</b>	<b>107,310,425</b>
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
<b>Total liabilities per consolidated balance sheet</b>	<b>97,637,740</b>	<b>77,243,161</b>

## Notes to the Consolidated Financial Statements

## 6 PROPERTY, PLANT AND EQUIPMENT — GROUP

	Buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At 1 January 2011</b>						
Cost	3,184,544	222,419	392,434	411,483	2,372,584	6,583,464
Accumulated depreciation	(434,747)	(141,085)	(254,278)	(197,864)	—	(1,027,974)
Accumulated impairment	(3,007)	—	—	—	—	(3,007)
Net book amount	2,746,790	81,334	138,156	213,619	2,372,584	5,552,483
<b>Year ended 31 December 2011</b>						
Opening net book amount	2,746,790	81,334	138,156	213,619	2,372,584	5,552,483
Additions	156,405	101,450	79,925	182,175	2,253,430	2,773,385
Reclassification	2,149,466	—	—	—	(2,149,466)	—
Disposals	(4,981)	(1,497)	(1,269)	(1,692)	—	(9,439)
Depreciation	(122,025)	(15,618)	(53,067)	(70,422)	—	(261,132)
Closing net book amount	4,925,655	165,669	163,745	323,680	2,476,548	8,055,297
<b>At 31 December 2011</b>						
Cost	5,485,094	320,715	501,685	591,165	2,476,548	9,375,207
Accumulated depreciation	(556,432)	(155,046)	(337,940)	(267,485)	—	(1,316,903)
Accumulated impairment	(3,007)	—	—	—	—	(3,007)
Net book amount	4,925,655	165,669	163,745	323,680	2,476,548	8,055,297
<b>Year ended 31 December 2012</b>						
Opening net book amount	4,925,655	165,669	163,745	323,680	2,476,548	8,055,297
Additions	260,386	64,707	88,306	226,516	3,302,651	3,942,566
Reclassification	1,184,577	—	—	—	(1,184,577)	—
Disposals	(2,150)	(419)	(1,730)	(4,638)	—	(8,937)
Depreciation	(201,524)	(25,218)	(51,561)	(96,710)	—	(375,013)
Closing net book amount	6,166,944	204,739	198,760	448,848	4,594,622	11,613,913
<b>At 31 December 2012</b>						
Cost	6,927,907	383,105	580,992	807,084	4,594,622	13,293,710
Accumulated depreciation	(757,956)	(178,366)	(382,232)	(358,236)	—	(1,676,790)
Accumulated impairment	(3,007)	—	—	—	—	(3,007)
Net book amount	6,166,944	204,739	198,760	448,848	4,594,622	11,613,913

## Notes to the Consolidated Financial Statements

**6 PROPERTY, PLANT AND EQUIPMENT – GROUP** (continued)

Depreciation charge was capitalised or expensed in the following categories in the consolidated balance sheet or the consolidated statement of comprehensive income:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Properties under development	25,483	10,697
Cost of sales	193,288	141,841
Selling and marketing costs	17,696	11,345
Administrative expenses	138,546	97,249
	375,013	261,132

As at 31 December 2012, buildings with net book value of RMB1,969,380,000 (2011: RMB1,118,577,000) were pledged as collateral for the Group's borrowings.

As at 31 December 2012, title certificates of buildings with net book value of RMB2,064,790,000 (2011: RMB1,653,788,000) were still in the progress of being obtained.

Also as at 31 December 2012, included in buildings were the hotels located in the PRC, which were classified as property, plant and equipment, with net book value of RMB6,219,684,000 (2011: RMB4,713,284,000).

**7 INVESTMENT PROPERTY – GROUP**

	2012	2011
	RMB'000	RMB'000
<b>At 31 December</b>		
Cost	152,682	152,682
Accumulated depreciation	(34,353)	(26,719)
Net book amount	118,329	125,963

	2012	2011
	RMB'000	RMB'000
<b>Year ended 31 December</b>		
Opening net book amount	125,963	133,597
Depreciation	(7,634)	(7,634)
Net book amount	118,329	125,963

The Group's property interest held under operating leases for the purpose of earning rentals is measured using the cost model and accounted for as investment property. The investment property is located in the PRC.

## Notes to the Consolidated Financial Statements

### 7 INVESTMENT PROPERTY – GROUP (continued)

The fair value of the Group's investment property of approximately RMB190,000,000 as at 31 December 2012 (2011: RMB185,000,000) has been determined by the directors of the Company with reference to the valuation performed by CB Richard Ellis Limited, an independent qualified professional valuer.

The rental income of the investment property in 2012 was RMB5,100,000 (2011: RMB4,214,000).

As at 31 December, investment property with net book value of RMB82,159,000 (2011: nil) were pledged as collateral for the Group's borrowings.

### 8 INTANGIBLE ASSETS – GROUP

	Computer software As at 31 December	
	2012 RMB'000	2011 RMB'000
<b>At 31 December</b>		
Cost	<b>45,336</b>	35,146
Accumulated amortisation	<b>(22,704)</b>	(16,650)
Net book amount	<b>22,632</b>	18,496
<b>Year ended 31 December</b>		
Opening net book amount	<b>18,496</b>	18,499
Additions	<b>10,190</b>	4,591
Amortisation	<b>(6,054)</b>	(4,594)
Closing net book amount	<b>22,632</b>	18,496

### 9 LAND USE RIGHTS – GROUP

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Opening net book amount	<b>1,326,078</b>	1,095,982
Additions	<b>1,679</b>	34,930
Reclassification	<b>100,631</b>	234,129
Amortisation	<b>(38,170)</b>	(38,963)
Closing net book amount	<b>1,390,218</b>	1,326,078
Outside Hong Kong, held on leases of: Between 10 to 50 years	<b>1,390,218</b>	1,326,078

Land use rights are all located in the PRC and for self-use.

As at 31 December 2012, land use rights with net book value of RMB955,734,000 (2011: RMB247,346,000) were pledged as collateral for the Group's borrowings.



## Notes to the Consolidated Financial Statements

## 10 PROPERTIES UNDER DEVELOPMENT – GROUP

	As at 31 December 2012 RMB'000	2011 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.

## 11 INVESTMENT IN AN ASSOCIATE – GROUP

	2012 RMB'000	2011 RMB'000
<b>At 1 January</b>	<b>204,762</b>	83,825
Share of (loss)/profit	(90,411)	120,937
<b>At 31 December</b>	<b>114,351</b>	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 RMB'000	Liabilities RMB'000	Revenue RMB'000	Loss RMB'000	% interest held
Guangzhou Li He Property Development Company Limited ("Li He")	PRC	Property Development	4,450,983	4,336,632	291,056	(90,411)	20%

## Notes to the Consolidated Financial Statements

### 11 INVESTMENT IN AN ASSOCIATE – GROUP (continued)

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.

### 12 OTHER NON-CURRENT ASSETS – GROUP

	2012 RMB'000	2011 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 principle activities are property development.

## Notes to the Consolidated Financial Statements

**12 OTHER NON-CURRENT ASSETS – GROUP** (continued)

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
<b>Total assets</b>	<b>330,633</b>
Non-current liabilities	—
Current liabilities	328,911
<b>Total liabilities</b>	<b>328,911</b>
Revenue	—
Cost and expenses	(3,278)
<b>Loss</b>	<b>(3,278)</b>

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.

**13 INVESTMENTS IN SUBSIDIARIES, AMOUNTS DUE FROM/TO SUBSIDIARIES – COMPANY**

	As at 31 December	
	2012 RMB'000	2011 RMB'000
<b>Non-current asset</b>		
— Unlisted investments at cost	25,973,294	22,046,832
<b>Current assets</b>		
— Amounts due from subsidiaries	13,868,726	10,257,913
<b>Current liabilities</b>		
— Amounts due to subsidiaries	(673,500)	(1,357)

Amounts due from/(to) subsidiaries are interest free, unsecured and repayable on demand. Details of the principal subsidiaries as at 31 December 2012 are set out in note 41.

**14 COMPLETED PROPERTIES HELD FOR SALE – GROUP**

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Completed properties held for sale	18,497,241	12,876,349

The completed properties held for sale are located in the PRC.

## Notes to the Consolidated Financial Statements

## 15 INVENTORIES – GROUP

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Construction materials	<b>347,514</b>	248,795

## 16 TRADE AND OTHER RECEIVABLES – GROUP

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Trade receivables (note (a))	<b>2,968,240</b>	1,181,362
Land auction deposits	<b>1,360,698</b>	1,195,382
Other receivables	<b>2,920,761</b>	1,865,709
Amounts due from customers for contract work (note (b))	<b>657,131</b>	404,190
Prepayments for land (note (c))	<b>5,212,879</b>	4,293,512
Amount due from an associate (note 39(d))	<b>1,139,745</b>	1,139,745
Amount due from a jointly controlled entity (note 39(d))	<b>254,560</b>	—
Other prepayments	<b>2,609,907</b>	2,455,595
	<b>17,123,921</b>	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	<b>2,486,415</b>	1,009,043
Over 90 days and within 180 days	<b>188,987</b>	110,161
Over 180 days and within 365 days	<b>184,038</b>	33,920
Over 365 days	<b>108,800</b>	28,238
	<b>2,968,240</b>	1,181,362

Trade receivables are analysed as follows:

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

## Notes to the Consolidated Financial Statements

## 16 TRADE AND OTHER RECEIVABLES – GROUP (continued)

(a) (Continued)

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 RMB'000	2011 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 RMB'000	2011 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 (note 39(d))	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.



## Notes to the Consolidated Financial Statements

## 17 RESTRICTED CASH

	Group		Company	
	As at 31 December 2012	2011	As at 31 December 2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantee deposits for construction of pre-sale properties (note below)	<b>4,839,881</b>	2,871,622	—	—
Collateral for equity swap (note 25)	—	1,575,225	—	1,575,225
Collateral for bank borrowings (note 22)	<b>211,054</b>	202,170	<b>34,054</b>	—
	<b>5,050,935</b>	4,649,017	<b>34,054</b>	1,575,225

Note:

In accordance with relevant documents issued by the PRC State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amount of pre-sale proceeds of properties as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and the payments of construction fee of the relevant property projects when approval from PRC State-Owned Land and Resource Bureau is obtained. Such guarantee deposits will only be released after completion of related pre-sold properties or issuance of the real estate ownership certificate, whichever is the earlier.

## 18 CASH AND CASH EQUIVALENTS

	Group		Company	
	As at 31 December 2012	2011	As at 31 December 2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand:				
Denominated in RMB	<b>15,992,299</b>	9,720,308	<b>117</b>	93,403
Denominated in HKD	<b>193,345</b>	57,215	<b>37,106</b>	3,041
Denominated in USD	<b>665,580</b>	2,615,856	<b>77,954</b>	1,972,165
Denominated in other currencies	<b>8,742</b>	—	—	—
Less: restricted cash (note 17)	<b>(5,050,935)</b>	(4,649,017)	<b>(34,054)</b>	(1,575,225)
	<b>11,809,031</b>	7,744,362	<b>81,123</b>	493,384

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

## Notes to the Consolidated Financial Statements

## 19 SHARE CAPITAL AND PREMIUM

Note	Number of ordinary shares	Nominal value of ordinary shares HKD'000	Group Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
<b>Authorised</b>						
At 1 January 2011, 31 December 2011 and 2012	100,000,000,000	10,000,000	9,905,008	—	—	9,905,008
<b>Issued and fully paid</b>						
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
<b>At 31 December 2012</b>	<b>18,229,660,154</b>	<b>1,822,966</b>	<b>1,771,631</b>	<b>17,977,360</b>	<b>(380,236)</b>	<b>19,368,755</b>

Note	Number of ordinary shares	Nominal value of ordinary shares HKD'000	Company Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
<b>Authorised</b>					
At 1 January 2011, 31 December 2011 and 2012	100,000,000,000	10,000,000	9,905,008	—	9,905,008
<b>Issued and fully paid</b>					
At 1 January 2011, 31 December 2011 and 1 January 2012	16,699,138,043	1,669,914	1,647,530	14,114,902	15,762,432
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
<b>At 31 December 2012</b>	<b>18,229,660,154</b>	<b>1,822,966</b>	<b>1,771,631</b>	<b>17,977,360</b>	<b>19,748,991</b>

## Notes to the Consolidated Financial Statements

### 19 SHARE CAPITAL AND PREMIUM (continued)

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.

### 20 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 (note 30). 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

## Notes to the Consolidated Financial Statements

## 21 OTHER RESERVES AND RETAINED EARNINGS

	Group					Sub-total RMB'000	Retained earnings RMB'000	Total RMB'000
	Merger reserve RMB'000 (note (a))	Statutory reserves RMB'000 (note (b))	Conversion option reserves RMB'000 (note 23)	Share option reserve RMB'000 (note 20)	Translation reserve RMB'000			
Balance at 1 January 2011	(149,801)	1,083,346	59,467	—	—	993,012	8,436,305	9,429,317
Redemption of convertible bond	—	—	(29,666)	—	—	(29,666)	—	(29,666)
Profit for the year	—	—	—	—	—	—	5,813,180	5,813,180
Transfer to statutory reserves	—	404,552	—	—	—	404,552	(404,552)	—
Dividends (note 33)	—	—	—	—	—	—	(1,604,790)	(1,604,790)
Balance at 31 December 2011	(149,801)	1,487,898	29,801	—	—	1,367,898	12,240,143	13,608,041
Representing:								
— 2011 proposed final dividend							2,163,450	
— Others							10,076,693	
							12,240,143	
Balance at 1 January 2012	(149,801)	1,487,898	29,801	—	—	1,367,898	12,240,143	13,608,041
Profit for the year	—	—	—	—	—	—	6,852,651	6,852,651
Transfer to statutory reserves	—	534,394	—	—	—	534,394	(534,394)	—
Dividends	—	—	—	—	—	—	(2,251,970)	(2,251,970)
Currency translation differences	—	—	—	—	(3,328)	(3,328)	—	(3,328)
Employee share option scheme:								
— Value of employee service (note 20)	—	—	—	3,000	—	3,000	—	3,000
Balance at 31 December 2012	(149,801)	2,022,292	29,801	3,000	(3,328)	1,901,964	16,306,430	18,208,394
Representing:								
2012 proposed final dividend							2,527,303	
Others							13,779,127	
							16,306,430	

## Notes to the Consolidated Financial Statements

## 21 OTHER RESERVES AND RETAINED EARNINGS (continued)

	Conversion option reserves RMB'000	Company Share option reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2011	59,467	—	1,736,208	1,795,675
Redemption of convertible bond	(29,666)	—	—	(29,666)
Profit for the year (note 35)	—	—	2,277,857	2,277,857
Dividend (note 33)	—	—	(1,604,790)	(1,604,790)
Balance at 31 December 2011	29,801	—	2,409,275	2,439,076
Representing:				
— 2011 proposed final dividend			2,163,450	
— Others			245,825	
			2,409,275	
Balance at 1 January 2012	29,801	—	2,409,275	2,439,076
Profit for the year (note 35)	—	—	2,713,605	2,713,605
Dividend	—	—	(2,251,970)	(2,251,970)
Employee share option scheme:				
— Value of employee service (note 20)	—	3,000	—	3,000
Balance at 31 December 2012	29,801	3,000	2,870,910	2,903,711
Representing:				
— 2012 proposed final dividend			2,527,303	
— Others			343,607	
			2,870,910	

Notes:

- (a) Merger reserve of the Group represents the difference between the share capital of subsidiaries, acquired pursuant to a group reorganisation undertaken for the listing of company on the main board of the Stock Exchange in 2007, over the nominal value of shares of the Company issue in exchange thereof.
- (b) Pursuant to the relevant rules and regulations governing foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in the form of bonus issue.

The appropriation to the enterprise expansion fund is solely determined by the board of directors of the respective subsidiaries.



## Notes to the Consolidated Financial Statements

## 22 BANK BORROWINGS

	Group		Company	
	As at 31 December 2012	2011	As at 31 December 2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings included in non-current liabilities:				
— secured	<b>16,994,036</b>	9,910,250	—	—
— unsecured	<b>3,444,105</b>	2,859,501	<b>1,222,475</b>	162,140
Less: current portion	<b>(6,834,854)</b>	(5,361,450)	<b>(328,720)</b>	(162,140)
	<b>13,603,287</b>	7,408,301	<b>893,755</b>	—
Bank borrowings included in current liabilities:				
— secured	<b>438,127</b>	885,400	—	—
— unsecured	<b>879,302</b>	222,140	<b>251,430</b>	—
Current portion of non-current borrowings	<b>6,834,854</b>	5,361,450	<b>328,720</b>	162,140
	<b>8,152,283</b>	6,468,990	<b>580,150</b>	162,140

The Group's borrowings of RMB16,522,365,000 as at 31 December 2012 (2011: RMB9,122,750,000), were jointly secured by certain properties and land use rights of the Group (notes 6, 7, 9 and 10) with total carrying values of RMB21,864,343,000 as at 31 December 2012 (2011: RMB12,108,012,000). The Group's borrowings of RMB568,800,000 as at 31 December 2012 (2011: RMB1,330,000,000) were guaranteed by the Company and secured by the Group's equity interest in certain subsidiaries. The Group's remaining secured borrowings of RMB340,998,000 at 31 December 2012 (2011: RMB342,900,000) were secured by certain bank deposits of the Group (note 17).

The Company's borrowings of RMB251,430,000 as at 31 December 2012 were guaranteed by its subsidiary.

The exposure of the Group's and Company's borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	Group 6 months or less RMB'000
Borrowings included in non-current liabilities: At 31 December 2012	<b>13,603,287</b>
At 31 December 2011	7,408,301
Borrowings included in current liabilities: At 31 December 2012	<b>8,152,283</b>
At 31 December 2011	6,468,990

## Notes to the Consolidated Financial Statements

## 22 BANK BORROWINGS (continued)

	Company 6 months or less RMB'000
Borrowings included in non-current liabilities: At 31 December 2012	<b>893,755</b>
At 31 December 2011	—
Borrowings included in current liabilities: At 31 December 2012	<b>580,150</b>
At 31 December 2011	162,140

The maturity of the borrowings included in non-current liabilities is as follows:

	Group As at 31 December		Company As at 31 December	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Between 1 and 2 years	<b>6,420,778</b>	4,348,751	<b>746,040</b>	—
Between 2 and 5 years	<b>6,224,592</b>	2,661,350	<b>147,715</b>	—
Over 5 years	<b>957,917</b>	398,200	—	—
	<b>13,603,287</b>	7,408,301	<b>893,755</b>	—

The weighted average effective interest rates as at 31 December were as follows:

	Group As at 31 December		Company As at 31 December	
	2012	2011	2012	2011
— Bank borrowings	<b>8.18%</b>	7.21%	<b>3.19%</b>	3.08%

The carrying amounts of the borrowings approximate their fair values.

The carrying amounts of the borrowings are denominated in the following currencies:

	Group As at 31 December		Company As at 31 December	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	<b>20,281,665</b>	13,715,151	—	—
HKD	<b>162,160</b>	162,140	<b>162,160</b>	162,140
USD	<b>1,311,745</b>	—	<b>1,311,745</b>	—
	<b>21,755,570</b>	13,877,291	<b>1,473,905</b>	162,140

## Notes to the Consolidated Financial Statements

### 23 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:

	Group and Company RMB'000
Liability component as at 1 January 2011	1,381,054
Interest expenses (note 31)	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	<b>884,128</b>
Interest expenses (note 31)	<b>79,264</b>
Coupon paid	<b>(19,526)</b>
Liability component as at 31 December 2012	<b>943,866</b>

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.

## Notes to the Consolidated Financial Statements

### 24 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.

## Notes to the Consolidated Financial Statements

### 24 SENIOR NOTES (continued)

- (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.



## Notes to the Consolidated Financial Statements

### 24 SENIOR NOTES (continued)

(iv) (continued)

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:

	Group and Company RMB'000
Carrying amount as at 1 January 2011	8,872,270
Additions	5,770,437
Exchange gains	(664,889)
Interest expenses (note 31)	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 31)	1,606,744
Coupon paid	(1,566,691)
Carrying amount as at 31 December 2012	<b>14,213,224</b>

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.

## Notes to the Consolidated Financial Statements

### 25 DERIVATIVE FINANCIAL INSTRUMENTS

Upon the issue of the RMB denominated USD settled 2.5% convertible bond as disclosed in note 23, 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:

	Group and Company As at 31 December	
	2012 RMB'000	2011 RMB'000
Equity Swap	—	919,774

## Notes to the Consolidated Financial Statements

### 26 DEFERRED INCOME TAX – GROUP

The analysis of deferred tax assets and liabilities is as follows:

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Deferred income tax assets:		
— to be realised after more than 12 months	950,080	806,808
— to be realised within 12 months	499,247	492,489
	1,449,327	1,299,297
Deferred income tax liabilities:		
— to be settled after more than 12 months	(924,381)	(785,163)
	524,946	514,134

The net movement on the deferred income tax account is as follows:

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Beginning of the year	514,134	465,300
Recognised in profit or loss (note 32)	10,812	48,834
End of the year	524,946	514,134

Movement in deferred tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets:

	Impairment of assets RMB'000	Recognition of expenses RMB'000	Elimination of unrealised profits RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2011	536	114,979	659,062	362,626	1,137,203
(Charged)/credited to profit or loss	—	(22,717)	29,633	155,178	162,094
At 31 December 2011	536	92,262	688,695	517,804	1,299,297
At 1 January 2012	536	92,262	688,695	517,804	1,299,297
(Charged)/credited to profit or loss	—	42,169	141,484	(33,623)	150,030
At 31 December 2012	536	134,431	830,179	484,181	1,449,327

## Notes to the Consolidated Financial Statements

**26 DEFERRED INCOME TAX — GROUP** (continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets as at 31 December 2012 of RMB19,370,000 (2011: RMB18,830,000) in respect of accumulated losses amounting to RMB77,479,000 as at 31 December 2012 (2011: RMB75,318,000). Accumulated losses amounting to RMB37,372,000, RMB6,962,000, RMB3,089,000, RMB12,629,000 and RMB17,427,000 as at 31 December 2012 will expire in 2013, 2014, 2015, 2016 and 2017 respectively.

Deferred income tax liabilities:

	Fair value gain on assets acquired RMB'000	Recognition of construction contract revenue and contract costs RMB'000	Withholding tax on profit to be distributed in future RMB'000 (note)	Total RMB'000
At 1 January 2011	(49,835)	(386,904)	(235,164)	(671,903)
Credited/(charged) to profit or loss	11,149	117,394	(241,803)	(113,260)
At 31 December 2011	(38,686)	(269,510)	(476,967)	(785,163)
At 1 January 2012	<b>(38,686)</b>	<b>(269,510)</b>	<b>(476,967)</b>	<b>(785,163)</b>
Credited/(charged) to profit or loss	<b>5,678</b>	<b>(243,530)</b>	<b>98,634</b>	<b>(139,218)</b>
At 31 December 2012	<b>(33,008)</b>	<b>(513,040)</b>	<b>(378,333)</b>	<b>(924,381)</b>

Note:

The RMB98,634,000 of withholding tax credited to profit or loss represented the RMB139,850,000 of current year's charge net off of the reversal of RMB238,484,000 of over-provision in prior years (note 32(d)).

The amount of profits on which withholding tax has not been recognised at 31 December 2012 is RMB12,228,683,000 (2011: RMB8,181,859,000).

## Notes to the Consolidated Financial Statements

## 27 TRADE AND OTHER PAYABLES – GROUP

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Trade payables	<b>11,653,984</b>	8,629,421
Other payables — third parties	<b>4,215,960</b>	2,305,622
Other taxes payable	<b>1,175,651</b>	604,993
Salaries payable	<b>1,155,116</b>	917,749
Accrued expenses	<b>829,587</b>	352,560
	<b>19,030,298</b>	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	<b>10,965,229</b>	8,115,814
Over 90 days and within 180 days	<b>332,990</b>	200,181
Over 180 days and within 365 days	<b>231,832</b>	199,549
Over 365 days	<b>123,933</b>	113,877
	<b>11,653,984</b>	8,629,421

## 28 OTHER GAINS – NET

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Rental income	<b>29,710</b>	16,809
Forfeiture income	<b>26,838</b>	18,351
Refund of land usage tax	<b>25,050</b>	3,375
Gain on disposal of property, plant and equipment (note 34)	<b>1,352</b>	896
Others	<b>20,343</b>	3,684
	<b>103,293</b>	43,115



## Notes to the Consolidated Financial Statements

## 29 EXPENSES BY NATURE

	Year ended 31 December	
	2012 RMB'000	2011 RMB'000
Auditor's remuneration	6,500	6,500
Advertising costs	1,273,470	548,517
Amortisation of intangible assets (note 8)	6,054	4,594
Business taxes and other levies (note below)	2,656,101	2,193,236
Costs of completed properties sold	23,412,588	20,378,225
Donations	80,868	133,547
Depreciation (notes 6 and 7)	382,647	268,766
Employee benefit expenses	1,798,835	1,245,013
Land use rights amortisation (note 9)	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%

## 30 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS)

	Year ended 31 December	
	2012 RMB'000	2011 RMB'000
Wages and salaries	4,009,043	3,446,915
Retirement scheme contribution (note a)	27,490	23,636
Staff welfare	62,837	54,027
Medical benefits	54,982	47,273
Share-based compensation expense (note 20)	3,000	—
Other allowances and benefits	15,709	13,506
	4,173,061	3,585,357

## Notes to the Consolidated Financial Statements

**30 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS)** (continued)

For the year ended 31 Dec 2012, employee benefit expenses of RMB2,374,226,000 (2011: RMB2,340,344,000) was capitalised in properties under development.

**(a) Retirement scheme contribution**

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute fund which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

**(b) Directors' and chief executive's emoluments**

The remuneration of every director and chief executive for the year ended 31 December 2012 is set out below:

Name of director	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Inducement fees RMB'000	Other benefits (share options) RMB'000	Employer's contribution to pension scheme RMB'000	Compensation for loss of office as director RMB'000	Total RMB'000
Mr. Yeung Kwok Keung	—	3,500	—	—	—	33	—	3,533
Ms. Yang Huiyan	—	1,700	—	—	—	51	—	1,751
Mr. Mo Bin**	—	2,500	—	—	—	54	—	2,554
Ms. Yang Ziyang	—	1,300	—	—	—	43	—	1,343
Mr. Yang Erzhu	—	2,000	—	—	—	41	—	2,041
Mr. Su Rubo	—	2,027	—	—	—	53	—	2,080
Mr. Zhang Yaoyuan	—	1,900	—	—	—	41	—	1,941
Mr. Ou Xueming	—	1,800	—	—	—	41	—	1,841
Mr. Yang Zhicheng	—	1,700	—	—	—	29	—	1,729
Mr. Yang Yongchao	—	1,900	—	—	—	64	—	1,964
Mr. Lai Ming, Joseph*	300	—	—	—	1,000	—	—	1,300
Mr. Shek Lai Him, Abraham*	300	—	—	—	1,000	—	—	1,300
Mr. Tong Wui Tung, Ronald*	300	—	—	—	1,000	—	—	1,300
Mr. Huang Hongyan* (appointed on 20 December 2012)	5	—	—	—	—	—	—	5
Ms. Huang Xiao* (appointed on 20 December 2012)	5	—	—	—	—	—	—	5
	910	20,327	—	—	3,000	450	—	24,687

\* Independent non-executive directors.

\*\* Chief executive of the Company.

## Notes to the Consolidated Financial Statements

## 30 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS) (continued)

## (b) Directors' and chief executive's emoluments (continued)

The remuneration of each director and chief executive of the Company for the year ended 31 December 2011 is set out as below:

Name of director	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Inducement fees RMB'000	Other benefits RMB'000	Employer's contribution to pension scheme RMB'000	Compensation or loss of office as director RMB'000	Total RMB'000
Mr. Yeung Kwok Keung	—	3,500	—	—	—	32	—	3,532
Ms. Yang Huiyan	—	1,700	—	—	—	41	—	1,741
Mr. Mo Bin**	—	2,500	—	—	—	28	—	2,528
Ms. Yang Ziying	—	852	—	—	—	41	—	893
Mr. Yang Erzhu	—	2,000	—	—	—	24	—	2,024
Mr. Su Rubo	—	2,000	—	—	—	32	—	2,032
Mr. Zhang Yaoyuan	—	1,900	—	—	—	21	—	1,921
Mr. Ou Xueming	—	1,800	—	—	—	21	—	1,821
Mr. Yang Zhicheng	—	1,700	—	—	—	29	—	1,729
Mr. Yang Yongchao	—	1,900	—	—	—	31	—	1,931
Mr. Lai Ming, Joseph*	300	—	—	—	—	—	—	300
Mr. Shek Lai Him, Abraham*	300	—	—	—	—	—	—	300
Mr. Tong Wui Tung, Ronald*	300	—	—	—	—	—	—	300
	900	19,852	—	—	—	300	—	21,052

\* Independent non-executive directors.

\*\* Chief executive of the Company.

During 2012 and 2011, no directors received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office; no directors waived or have agreed to waive any emoluments.

## (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year including three (2011: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2011: three) individuals during the year are as follows:

	Year ended 31 December	
	2012 RMB'000	2011 RMB'000
Salaries and other benefits	8,096	7,863
Retirement scheme contributions	460	177
	8,556	8,040

## Notes to the Consolidated Financial Statements

## 30 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS) (continued)

## (c) Five highest paid individuals (continued)

The emoluments fell within the following bands:

	Number of individuals	
	2012	2011
HKD2,000,000 to HKD3,000,000	—	2
HKD3,000,000 to HKD4,000,000	—	1
HKD4,000,000 to HKD5,000,000	1	—
HKD5,000,000 to HKD6,000,000	1	—

## 31 FINANCE COSTS — NET

	Year ended 31 December	
	2012 RMB'000	2011 RMB'000
Interest expenses:		
— Bank borrowings	1,411,074	860,679
— The Bond (note 23)	79,264	84,518
— Senior notes (note 24)	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

## Notes to the Consolidated Financial Statements

## 32 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 (note 26)		
— 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:

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



## Notes to the Consolidated Financial Statements

### 32 INCOME TAX EXPENSES (continued)

Notes (continued):

- (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.

### 33 DIVIDENDS

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Proposed final dividend of RMB13.86 cents per share (2011: RMB12.96 cents) (note)	<b>2,527,303</b>	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 19(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.

## Notes to the Consolidated Financial Statements

## 34 CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2012 RMB'000	2011 RMB'000
Profit for the year	<b>6,884,562</b>	5,838,153
Adjustments for:		
Income tax expenses (note 32)	<b>4,657,351</b>	3,768,582
Interest income (note 31)	<b>(132,382)</b>	(101,318)
Interest expenses (note 31)	<b>279,720</b>	659,319
Net foreign exchange gains (note 31)	<b>(20,895)</b>	(437,998)
Depreciation (notes 6 and 7)	<b>382,647</b>	268,766
Amortisation of land use rights (note 9)	<b>38,170</b>	38,963
Amortisation of intangible assets (note 8)	<b>6,054</b>	4,594
Gain on disposal of property, plant and equipment (note 28)	<b>(1,352)</b>	(896)
Share of loss/(profit) of an associate and a jointly controlled entity (note 11 and 12)	<b>93,689</b>	(120,937)
Fair value changes on derivative financial instruments	<b>(73,585)</b>	(15,174)
Loss on redemption of the Bond (note 31)	<b>—</b>	243
Share-based compensation expense (note 20)	<b>3,000</b>	—
	<b>12,116,979</b>	9,902,297
Changes in working capital:		
Property under development and completed properties held for sale	<b>(14,182,358)</b>	(18,363,934)
Inventories	<b>(98,719)</b>	(42,785)
Restricted cash	<b>(1,977,143)</b>	109,798
Trade and other receivables	<b>(4,629,917)</b>	(144,725)
Prepaid taxes	<b>(304,338)</b>	(182,005)
Trade and other payables	<b>7,581,775</b>	5,071,854
Advanced proceeds received from customers	<b>5,488,634</b>	6,135,396
Cash generated from operations	<b>3,994,913</b>	2,485,896

Note:

In the statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December	
	2012 RMB'000	2011 RMB'000
Net book amount (note 6)	<b>8,937</b>	9,439
Gain on disposals	<b>1,352</b>	896
Proceeds from disposal of property, plant and equipment	<b>10,289</b>	10,335

## Notes to the Consolidated Financial Statements

### 35 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB2,713,605,000 (2011: RMB2,277,857,000).

### 36 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 19).

	Year ended 31 December	
	2012	2011
Profit attributable to owners of the Company (RMB'000)	<b>6,852,651</b>	5,813,180
Weighted average number of ordinary shares in issue (thousands)	<b>18,006,527</b>	17,459,221
Earnings per share — Basic (RMB cents per share)	<b>38.06</b>	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 19(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)	<b>6,852,651</b>
Interest expense on the Bond (RMB'000)	<b>18,639</b>
Profit used to determine diluted earnings per share (RMB'000)	<b>6,871,290</b>
Weighted average number of ordinary shares in issue (thousands)	<b>18,006,527</b>
Adjustments — conversion of the Bond (thousands)	<b>93,599</b>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>18,100,126</b>
Diluted (RMB cents per share)	<b>37.96</b>

## Notes to the Consolidated Financial Statements

### 36 EARNINGS PER SHARE (continued)

#### (b) Diluted (continued)

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.

### 37 CONTINGENCIES

The Group had the following contingent liabilities:

	As at 31 December 2012 RMB'000	2011 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers (note (a))	17,776,087	15,782,991
Guarantee to an associate in respect of borrowings (note (b))	1,705,491	1,500,400
	19,481,578	17,283,391

Note:

- (a) It represented 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 RMB72,222,000 (2011: RMB106,354,000) was to be discharged two years from the day the mortgaged loans become due; and RMB17,703,865,000 (2011: RMB15,676,637,000) was to be discharged upon earlier of (i) issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

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 (see note 4(b)) and therefore no provision has been made in the financial statements for the guarantees.

- (b) This represents the maximum exposure of the guarantee provided for Li He for its borrowings.

## Notes to the Consolidated Financial Statements

## 38 COMMITMENTS — GROUP

## (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



## Notes to the Consolidated Financial Statements

### 39 RELATED PARTY TRANSACTIONS

#### (a) Name and relationship with related parties

##### *Shareholders*

Mr. Yang Erzhu, Ms. Yang Huiyan, Mr. Su Rubo, Mr. Zhang Yaoyuan and Mr. Ou Xueming.

##### *Close family members of Shareholders*

Mr. Yeung Kwok Keung, Mr. Zhang Chibiao, Ms. Zhang Yingyan, Mr. Yang Minsheng, Mr. Su Zhixian, Mr. Yang Zhicheng, Mr. Yang Zhigang, Ms. Yang Ziyang, Ms. Ou Jieping, Ms. Ou Jiuling, Mr. Wu Weizhong and Mr. Chen Chong.

##### *Controlled by Shareholders*

Guangdong Elite Architectural Co., Ltd.	廣東博意建築設計院有限公司
Qingyuan Country Garden	清遠碧桂園物業發展有限公司

##### *Controlled by Shareholders and their close family members*

Foshan Shunde Jiangkou Water Plant Co., Ltd.	佛山市順德區江口自來水有限公司
Zengcheng Crystal Water Plant Co., Ltd.	增城市清源自來水廠有限公司
Guangdong Grand Pipe Pile Co., Ltd. ("Grand Pipe")	廣東鴻業管樁有限公司
Guangdong Shenghui Electronics Holdings Limited ("Shenghui Electronics")	廣東昇輝電子控股有限公司

##### *Associate*

Li He	廣州利合房地產開發有限公司
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##### *Jointly controlled entity*

Zhongshan Yahong Property Development Co., Ltd.	中山市雅鴻房地產開發有限公司
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The English names of certain of the companies referred to above in this note represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

#### (b) Transactions with related parties

During the year, the Group had the following significant transactions with related parties:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
<b>(i) Construction and decoration service income (note (i)):</b>		
<b>Controlled by Shareholders:</b>		
清遠碧桂園物業發展有限公司		
Qingyuan Country Garden	<b>93,137</b>	230,495

## Notes to the Consolidated Financial Statements

## 39 RELATED PARTY TRANSACTIONS (continued)

## (b) Transactions with related parties (continued)

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
<b>(ii) Purchase of design service (note (ii)):</b>		
<b>Controlled by Shareholders:</b>		
廣東博意建築設計院有限公司		
Guangdong Elite Architectural Co., Ltd.	395,891	255,511

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
<b>(iii) Purchase of construction and decoration materials and water (note (iii)):</b>		
<b>Controlled by Shareholders and their close family members:</b>		
佛山市順德區江口自來水有限公司		
Foshan Shunde Jiangkou Water Plant Co., Ltd.	4,022	4,379
增城市清源自來水廠有限公司		
Zengcheng Crystal Water Plant Co., Ltd.	6,279	5,666
廣東鴻業管樁有限公司		
Grand Pipe	11,283	27,243
廣東昇輝電子控股有限公司		
Shenghui Electronics	91,536	17,440
	113,120	54,728

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
<b>(iv) Provide guarantee for borrowings:</b>		
<b>Associate:</b>		
廣州利合房地產開發有限公司		
Li He (note 37)	1,705,491	1,500,400

- (i) Construction and decoration fees were charged in accordance with the terms of the underlying agreements.
- (ii) Design service fees were charged in accordance with the terms of the underlying agreements.
- (iii) Construction and decoration materials and water charges were charged in accordance with the terms of the underlying agreements.

## Notes to the Consolidated Financial Statements

## 39 RELATED PARTY TRANSACTIONS (continued)

## (c) Key management compensation

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Salaries and other short-term employee benefits	32,198	31,540
Retirement scheme contributions	963	494
	33,161	32,034

## (d) Balances with related parties

As at 31 December 2012 and 2011, the Group had the following significant balances with related parties:

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
<b>(i) Balances due from related parties</b>		
— included in amounts due from customers for contract work:		
<b>Controlled by Shareholders:</b>		
清遠碧桂園物業發展有限公司		
Qingyuan Country Garden	447,124	381,992
— included in other receivables and prepayments:		
<b>Controlled by Shareholders:</b>		
廣東博意建築設計院有限公司		
Guangdong Elite Architectural Co., Ltd.	519,826	53,392
清遠碧桂園物業發展有限公司		
Qingyuan Country Garden	54,086	—
	573,912	53,392
<b>Controlled by Shareholders and their close family members:</b>		
廣東鴻業管樁有限公司		
Grand Pipe	—	53,030
廣東昇輝電子控股有限公司		
Shenghui Electronics	621	—
<b>Associate:</b>		
廣州利合房地產開發有限公司		
Li He	1,139,745	1,139,745
<b>Jointly controlled entity:</b>		
中山市雅鴻房地產開發有限公司		
Zhongshan Yahong Property Development Co., Ltd.	254,560	—
	1,968,838	1,246,167

## Notes to the Consolidated Financial Statements

### 39 RELATED PARTY TRANSACTIONS (continued)

#### (d) Balances with related parties (continued)

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
<b>(ii) Balances due to related parties</b>		
<b>— included in trade payables:</b>		
<b>Controlled by Shareholders:</b>		
廣東博意建築設計院有限公司		
Guangdong Elite Architectural Co., Ltd.	<b>110,899</b>	75,019
<b>Controlled by Shareholders and their</b>		
<b>close family members:</b>		
增城市清源自來水廠有限公司		
Zengcheng Crystal Water Plant Co., Ltd.	<b>1,282</b>	—
廣東鴻業管樁有限公司		
Grand Pipe	<b>448</b>	9,329
廣東昇輝電子控股有限公司		
Shenghui Electronics	<b>51,758</b>	4,975
	<b>164,387</b>	89,323

Balances due from/to related parties are unsecured, interest-free and settled according to the contract terms.

### 40 SUBSEQUENT EVENTS

#### (a) Issue of senior notes

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 January 10 and July 10 in arrears, and will mature on 10 January 2023, unless redeemed earlier.

## Notes to the Consolidated Financial Statements

### 40 SUBSEQUENT EVENTS (continued)

#### (a) Issue of senior notes (continued)

At any time and from time to time on or after 10 January 2018, the Company may redeem the 2023 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 10 January of each of the years indicated below.

Period	Redemption price
2018	103.75%
2019	102.50%
2020	101.25%
2021 and thereafter	100.00%

At any time prior to 10 January 2018, the Company may at its option redeem the 2023 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2023 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to 10 January 2016, the Company may redeem up to 35% of the aggregate principal amount of the 2023 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 107.50% of the principal amount of the 2023 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 2023 Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

#### (b) Redemption of the Bond upon maturity

In February 2013, the Bond matured and was redeemed in whole at an amount of USD152,405,000 (equivalent to RMB957,162,000), including principle amount of USD150,850,000 and interest amount of USD1,555,000.



# Notes to the Consolidated Financial Statements

## 41 PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is a list of principal subsidiaries at 31 December 2012:

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
<b>Incorporated in the BVI, a limited liability company, and directly held by the Company:</b>				
Smart World Development Holdings Ltd	28 March 2006	USD300	100%	Investment holding
<b>Incorporated in Hong Kong, a limited liability company, operates in Hong Kong and indirectly held by the Company:</b>				
Country Garden (Hong Kong) Development Company Limited	21 September 2005	HKD1	100%	Investment holding
<b>Incorporated in the BVI, all of which are limited liability companies and indirectly held by the Company:</b>				
Estonia Development Ltd	21 March 2006	USD200	100%	Investment holding
Falcon Investments Development Ltd	21 March 2006	USD300	100%	Investment holding
United Gain Group Ltd	28 March 2006	USD200	100%	Investment holding
Wise Fame Group Ltd	28 March 2006	USD300	100%	Investment holding
Angel View International Limited	7 April 2006	USD200	100%	Investment holding
Boavista Investments Limited	7 April 2006	USD200	100%	Investment holding
Impreza Group Limited	7 April 2006	USD300	100%	Investment holding
Infiniti Holdings Development Limited	7 April 2006	USD300	100%	Investment holding
Bright Start Group Limited	19 July 2011	USD1	100%	Investment holding
Pure Smart Enterprises Limited	19 July 2011	USD1	100%	Investment holding
Top Favor Holding Limited	19 July 2011	USD1	100%	Investment holding
Golden Favor Investments Limited	19 July 2011	USD1	100%	Investment holding
<b>Established and operate in the PRC, and indirectly held by the Company:</b>				
Guangdong Giant Leap Construction Co., Ltd. ("Giant Leap Construction Co.") 廣東騰越建築工程有限公司	25 March 1997	RMB900,000,000	100%	Construction
Foshan Shunde Country Garden Property Development Co., Ltd. 佛山市順德區碧桂園物業發展有限公司	2 April 1997	RMB1,387,500,000	100%	Property development
Guangzhou Country Garden Property Development Co., Ltd. 廣州碧桂園物業發展有限公司	30 July 1998	RMB506,000,000	100%	Property development
Foshan Shunde Finest Decoration & Design Enterprise 佛山市順德區雅駿裝飾設計 工程有限公司	9 August 1999	RMB300,000,000	100%	Decoration and design

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## 41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Foshan Shunde Jun'an Country Garden Property Development Co., Ltd. 佛山市順德區均安碧桂園 物業發展有限公司	28 June 2000	RMB10,000,000	90%	Property development
Guangzhou Country Garden Commerce Service Co., Ltd. 廣州市碧桂園商務服務有限公司	18 September 2000	RMB500,000	100%	Club operation
Zengcheng Country Garden Property Development Co., Ltd. 增城市碧桂園物業發展有限公司	22 September 2000	RMB1,448,200,000	100%	Property development
Guangzhou Nansha Economic and Technological Development Zone Country Garden Property Development Co., Ltd. 廣州南沙經濟技術開發區 碧桂園物業發展有限公司	2 August 2001	RMB1,764,473,626	100%	Property development
Guangzhou Huadu Country Garden Property Development Co., Ltd. 廣州市花都碧桂園物業發展有限公司	24 January 2002	RMB462,500,000	100%	Property development
Huizhou Huiyang Qishan Holiday Resorts Development Co., Ltd. 惠州市惠陽區岐山度假村發展有限公司	29 March 2002	RMB60,000,000	90%	Property development
Heshan Country Garden Property Development Co., Ltd. 鶴山市碧桂園物業發展有限公司	9 July 2003	RMB963,000,000	100%	Property development
Changsha Venice Palace Property Development Co., Ltd. 長沙威尼斯城房地產開發有限公司	1 August 2003	RMB233,000,000	100%	Property development
Jiangmen East Coast Country Garden Property Development Co., Ltd. 江門市東岸房地產發展有限公司	13 August 2003	RMB650,000,000	100%	Property development
Jiangmen Xinhui Country Garden Phoenix Hotel Co., Ltd. 江門市新會碧桂園鳳凰酒店有限公司	13 August 2003	RMB130,100,000	100%	Hotel Operation
Jiangmen Wuyi Country Garden Property Development Co., Ltd. 江門市五邑碧桂園房地產開發有限公司	28 September 2003	RMB863,000,000	100%	Property development
Guangzhou Huanan Country Garden Property Development Co., Ltd. ("Huanan Property Development") <sup>1</sup> 廣州華南碧桂園房地產開發有限公司 <sup>1</sup>	15 October 2003	RMB8,000,000	50%	Property development
Heshan Country Garden Phoenix City Hotel Co., Ltd. 鶴山市碧桂園鳳凰酒店有限公司	29 September 2003	RMB116,300,000	100%	Hotel operation
Foshan Gaoming Country Garden Property Development Co., Ltd. 佛山市高明區碧桂園房地產 開發有限公司	13 January 2004	RMB1,162,500,000	100%	Property development
Zengcheng Country Garden Phoenix City Hotel Co., Ltd. 增城市碧桂園鳳凰城酒店有限公司	13 January 2004	RMB500,700,000	100%	Hotel operation

## Notes to the Consolidated Financial Statements

## 41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Shenyang Hua Rui Real Estate Co., Ltd. 瀋陽華銳置業有限公司	25 March 2004	RMB580,000,000	100%	Property development
Qingyuan Country Garden Holiday Islands Hotel Co., Ltd. 清遠市碧桂園假日半島酒店有限公司	5 April 2004	RMB131,300,000	100%	Hotel operation
Guangdong Country Garden Property Services Co., Ltd. 廣東碧桂園物業服務有限公司	19 April 2004	RMB12,100,000	100%	Property management
Changsha Economic and Technological Development Area Venice Palace Hotel Co., Ltd. 長沙經濟技術開發區威尼斯酒店有限公司	6 December 2004	RMB110,800,000	100%	Hotel operation
Guangzhou Lychee Cultural Park Co., Ltd. 廣州市紅荔文化村有限公司	7 December 2004	RMB12,300,000	100%	Theme park operation
Foshan Nanhai Country Garden Property Development Co., Ltd. 佛山市南海區碧桂園房地產開發有限公司	24 December 2004	RMB365,200,000	100%	Property development
Jiangmen Wuyi Country Garden Phoenix Hotel Co., Ltd. 江門市五邑碧桂園鳳凰酒店有限公司	14 January 2005	RMB103,800,000	100%	Hotel operation
Phoenix Yangjiang Country Garden Hotel Co., Ltd. 陽江市碧桂園鳳凰酒店有限公司	2 February 2005	RMB130,750,624	100%	Hotel operation
Yangdong Country Garden Property Development Co., Ltd. 陽東縣碧桂園房地產開發有限公司	2 February 2005	RMB197,351,958	100%	Property development
Taishan Country Garden Property Development Co., Ltd. 台山市碧桂園房地產開發有限公司	21 March 2005	RMB322,288,631	100%	Property development
Taishan Country Garden Phoenix Hotel Co., Ltd. 台山市碧桂園鳳凰酒店有限公司	4 August 2005	RMB87,764,151	100%	Hotel operation
Foshan Gaoming Country Garden Phoenix Hotel Co., Ltd. 佛山市高明區碧桂園鳳凰酒店有限公司	30 September 2005	RMB163,100,000	100%	Hotel operation
Tianjin Phoenix Investment Development Co., Ltd. 天津鳳凰投資發展有限公司	5 July 2006	RMB30,000,000	70%	Property development
Zhaoqing Gaoxin Country Garden Property Development Co., Ltd. 肇慶市高新區碧桂園房地產開發有限公司	10 July 2006	RMB5,000,000	100%	Property development
Shaoguan Shunhong Property Development Co., Ltd. 韶關市順宏房地產開發有限公司	12 July 2006	RMB747,800,000	100%	Property development
Gaoyao Biyi Property Development Co., Ltd. 高要市碧頤房地產開發有限公司	15 September 2006	RMB20,000,000	51%	Property Development

## Notes to the Consolidated Financial Statements

## 41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Manzhouli Country Garden Property Development Co., Ltd. 滿洲里碧桂園房地產開發有限公司	12 December 2006	RMB357,900,000	100%	Property Development
Chaohu Country Garden Property Development Co., Ltd. 巢湖市碧桂園房地產開發有限公司	18 December 2006	RMB1,115,200,000	100%	Property Development
Tianjin Country Garden Phoenix Hotel Co., Ltd. 天津碧桂園鳳凰酒店有限公司	26 December 2006	RMB10,000,000	100%	Hotel operation
Tianjin Country Garden Investment Development Co., Ltd. 天津碧桂園投資發展有限公司	26 December 2006	RMB10,000,000	100%	Property development
Zhaoqing Gaoyao Country Garden Phoenix Hotel Co., Ltd. 肇慶市高要碧桂園鳳凰酒店有限公司	31 December 2006	RMB5,000,000	100%	Hotel operation
Taizhou Country Garden Property Development Co., Ltd. 泰州市碧桂園房地產開發有限公司	5 January 2007	RMB548,300,000	100%	Property development
Shenyang Country Garden Property Development Co., Ltd. 瀋陽市碧桂園房地產開發有限公司	11 January 2007	RMB1,350,000,000	100%	Property development
Lechang Country Garden Property Development Co., Ltd. 樂昌市碧桂園房地產開發有限公司	15 February 2007	RMB124,800,000	100%	Property development
Shenyang Hunnan Xincheng Country Garden Property Development Co., Ltd. 瀋陽渾南新城碧桂園房地產開發有限公司	25 April 2007	RMB1,540,000,000	100%	Property development
Shenyang Yidong Real Estate Co., Ltd. 瀋陽伊東置業有限公司	25 April 2007	RMB460,512,978	100%	Property development
Enping Country Garden Property Development Co., Ltd. 恩平市碧桂園房地產開發有限公司	28 April 2007	RMB220,000,000	100%	Property development
Zhangjiajie Country Garden Property Development Co., Ltd. 張家界碧桂園置業有限公司	8 May 2007	RMB330,000,000	100%	Property development
Huizhou Huiyang Country Garden Phoenix Hotel Co., Ltd. 惠州市惠陽區碧桂園鳳凰酒店有限公司	9 May 2007	RMB5,000,000	100%	Hotel operation
Anhui Hexian Country Garden Property Development Co., Ltd. 安徽和縣碧桂園房地產開發有限公司	15 May 2007	RMB750,000,000	100%	Property development
Anhui Hexian Huarui Real Estate Co., Ltd. 安徽和縣華瑞置業有限公司	15 May 2007	RMB218,842,923	100%	Property development
Shenyang Shenbei Xincheng Yidong Real Estate Co., Ltd. 瀋陽瀋北新城伊東置業有限公司	18 May 2007	RMB750,000,000	100%	Property development
Tianjin Xinbi Investment Development Co., Ltd. 天津新碧投資發展有限公司	25 May 2007	RMB460,000,000	100%	Investment holding

## Notes to the Consolidated Financial Statements

## 41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Yangjiang Hengda Real Estate Co., Ltd. 陽江市恒達置業有限公司	30 May 2007	RMB75,965,094	100%	Property development
Shaoguan Country Garden Property Development Co., Ltd. 韶關市碧桂園房地產開發有限公司	5 June 2007	RMB750,000,000	100%	Property development
Changsha Ningxiang Country Garden Property Development Co., Ltd. 長沙市寧鄉碧桂園房地產開發有限公司	5 June 2007	RMB230,000,000	100%	Property development
Shaoguan Country Garden Phoenix Hotel Co., Ltd. 韶關市碧桂園鳳凰酒店有限公司	5 June 2007	RMB80,000,000	100%	Hotel operation
Anhui Zhongmiao Country Garden Property Development Co., Ltd. 安徽中廟碧桂園房地產開發有限公司	8 June 2007	RMB420,000,000	100%	Property development
Anhui Hexian Country Garden Phoenix Hotel Co., Ltd. 安徽和縣碧桂園鳳凰酒店有限公司	8 June 2007	RMB200,000,000	100%	Hotel operation
Shanwei Country Garden Property Development Co., Ltd. 汕尾市碧桂園房地產開發有限公司	12 June 2007	RMB100,000,000	100%	Property development
Sichuan Rongxin Investment Co., Ltd. 四川榮欣投資有限公司	14 June 2007	RMB10,000,000	85%	Investment holding
Sihui Country Garden Phoenix Hotel Co., Ltd. 四會市碧桂園鳳凰酒店有限公司	21 June 2007	RMB29,996,827	100%	Hotel operation
Zhaoqing Sihui Huaping Real Estate Co., Ltd. 肇慶四會華平置業有限公司	21 June 2007	RMB216,167,341	100%	Property development
Sihui Country Garden Property Development Co., Ltd. 四會市碧桂園房地產開發有限公司	22 June 2007	RMB150,045,599	100%	Property development
Wuhan Country Garden Property Development Co., Ltd. 武漢市碧桂園房地產開發有限公司	26 June 2007	RMB97,091,000	100%	Property development
Wuhan Country Garden Phoenix Hotel Co., Ltd. 武漢市碧桂園鳳凰酒店有限公司	26 June 2007	RMB26,971,140	100%	Hotel operation
Shaoguan Country Garden Fujingwan Hotel Co., Ltd. 韶關市碧桂園芙景灣酒店有限公司	28 June 2007	RMB30,000,000	100%	Hotel operation
Keyou Qianqi Country Garden Property Development Co., Ltd. 科右前旗碧桂園房地產開發有限公司	29 July 2007	RMB180,000,000	100%	Property development
Keyou Qianqi Country Garden Phoenix Hotel Co., Ltd. 科右前旗碧桂園鳳凰酒店有限公司	29 July 2007	RMB10,000,000	100%	Hotel operation
Chizhou Country Garden Property Development Co., Ltd. 池州市碧桂園房地產開發有限公司	30 July 2007	RMB251,000,000	100%	Property development
Chizhou Country Garden Phoenix Hotel Co., Ltd. 池州市碧桂園鳳凰酒店有限公司	30 July 2007	RMB45,000,000	100%	Hotel operation



## Notes to the Consolidated Financial Statements

## 41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Chaohu Nan'an Country Garden Phoenix Hotel Co., Ltd. 巢湖南岸碧桂園鳳凰酒店有限公司	31 July 2007	RMB20,000,000	100%	Hotel operation
Chongqing Country Garden Property Development Co., Ltd. 重慶市碧桂園房地產開發有限公司	3 August 2007	RMB310,000,000	100%	Property development
Chongqing Country Garden Phoenix Hotel Co., Ltd. 重慶市碧桂園鳳城酒店有限公司	3 August 2007	RMB100,000,000	100%	Hotel operation
Xianning Country Garden Property Development Co., Ltd. 咸寧市碧桂園房地產開發有限公司	8 August 2007	RMB250,000,000	100%	Property development
Xianning Country Garden Hotspots Hotel Co., Ltd. 咸寧市碧桂園溫泉酒店有限公司	8 August 2007	RMB20,000,000	100%	Hotel operation
Yiyang Country Garden Property Development Co., Ltd. 益陽市碧桂園房地產開發有限公司	10 August 2007	RMB150,000,000	100%	Property development
Yiyang Country Garden Phoenix Hotel Co., Ltd. 益陽市碧桂園鳳凰酒店有限公司	10 August 2007	RMB50,000,000	100%	Hotel operation
Lechang Country Garden Phoenix Hotel Co., Ltd. 樂昌市碧桂園鳳凰酒店有限公司	17 August 2007	RMB10,000,000	100%	Hotel operation
Shenyang Nanyang Country Garden Hotel Co., Ltd. 瀋陽南營碧桂園酒店有限公司	21 August 2007	RMB8,044,487	100%	Hotel operation
Shenyang Binhe Country Garden Hotel Co., Ltd. 瀋陽濱河碧桂園酒店有限公司	21 August 2007	RMB34,003,688	100%	Hotel operation
Shenyang Huashan Country Garden Hotel Co., Ltd. 瀋陽花山碧桂園酒店有限公司	27 August 2007	RMB11,967,102	100%	Hotel operation
Shenyang Daoyi Country Garden Hotel Co., Ltd. 瀋陽道義碧桂園酒店有限公司	27 August 2007	RMB8,993,110	100%	Hotel operation
Haicheng Country Garden Property Development Co., Ltd. 海城市碧桂園房地產開發有限公司	30 August 2007	RMB350,000,000	100%	Property development
Lufeng Country Garden Property Development Co., Ltd. 陸豐市碧桂園房地產開發有限公司	30 August 2007	RMB100,000,000	100%	Property development
Haicheng Country Garden Phoenix Hotel Co., Ltd. 海城市碧桂園鳳凰酒店有限公司	30 August 2007	RMB1,000,000	100%	Hotel operation
Suizhou Country Garden Phoenix Hotel Co., Ltd. 隨州碧桂園鳳凰酒店有限公司	30 August 2007	RMB40,000,000	100%	Hotel operation
Maoming Country Garden Property Development Co., Ltd. 茂名市碧桂園房地產開發有限公司	31 August 2007	RMB350,000,000	100%	Property development

## Notes to the Consolidated Financial Statements

## 41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Suizhou Country Garden Property Development Co., Ltd. 隨州碧桂園房地產開發有限公司	31 August 2007	RMB580,000,000	100%	Property development
Ningxiang Country Garden Phoenix Hotel Co., Ltd. 寧鄉碧桂園鳳凰酒店有限公司	3 September 2007	RMB20,000,000	100%	Hotel operation
Yangshan Country Garden Property Development Co., Ltd. 陽山碧桂園房地產開發有限公司	5 September 2007	RMB130,000,000	100%	Property development
Chaohu Zhongmiao Binhu City Country Garden Phoenix Hotel Co., Ltd. 巢湖中廟濱湖城碧桂園鳳凰酒店有限公司	7 September 2007	RMB20,000,000	100%	Hotel operation
Manzhou Country Garden Phoenix Hotel Co., Ltd. 滿洲里碧桂園鳳凰酒店有限公司	19 September 2007	RMB50,000,000	100%	Hotel operation
Anqing Country Garden Property Development Co., Ltd. 安慶碧桂園房地產開發有限公司	27 September 2007	RMB740,000,000	100%	Property development
Anqing Country Garden Phoenix Hotel Co., Ltd. 安慶碧桂園鳳凰酒店有限公司	29 September 2007	RMB150,000,000	100%	Hotel operation
Huangshan Country Garden Property Development Co., Ltd. 黃山碧桂園房地產開發有限公司	30 September 2007	RMB180,000,000	100%	Property development
Huangshan Country Garden Phoenix Hotel Co., Ltd. 黃山碧桂園鳳凰酒店有限公司	30 September 2007	RMB40,000,000	100%	Hotel operation
Shenyang Huiying Real Estate Co., Ltd. 瀋陽匯盈置業有限公司	9 October 2007	RMB358,416,054	100%	Property development
Shenyang Dedi Real Estate Co., Ltd. 瀋陽德地置業有限公司	9 October 2007	RMB369,851,683	100%	Property development
Tianjin Shunyin Greening Co., Ltd. 天津市順茵綠化工程有限公司	10 October 2007	RMB500,000	100%	Environmental protection
Tongliao Country Garden Property Development Co., Ltd. 通遼碧桂園房地產開發有限公司	15 October 2007	RMB500,000,000	100%	Property development
Tongliao Country Garden Hotel Co., Ltd. 通遼碧桂園酒店有限公司	15 October 2007	RMB30,000,000	100%	Hotel operation
Wuhu Country Garden Property Development Co., Ltd. 蕪湖晉智房地產開發有限公司	5 November 2007	RMB800,000,000	100%	Property development
Wuhu Country Garden Maritim Hotel Co., Ltd. 蕪湖碧桂園瑪麗蒂姆酒店有限公司	5 November 2007	RMB60,000,000	100%	Hotel operation
Guangzhou Country Garden Shuttle Bus Services Co., Ltd. 廣州碧桂園樓巴服務有限公司	19 November 2007	RMB5,000,000	100%	Transportation

## Notes to the Consolidated Financial Statements

## 41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Tianjin Deyu Investment Development Co., Ltd. 天津德域投資發展有限公司	28 November 2007	RMB30,000,000	100%	Investment holding
Liuyang Country Garden Property Development Co., Ltd. 瀏陽碧桂園房地產開發有限公司	4 December 2007	RMB150,000,000	100%	Property development
Zhaoqing Deye Construction Co., Ltd. 肇慶德業建築有限公司	6 December 2007	RMB2,999,172	100%	Construction
Zhaoqing Country Garden Furniture Co., Ltd. 肇慶市碧桂園現代家居有限公司	12 December 2007	RMB210,376,103	100%	Manufacturing of furniture
Shenyang Bifeng Greening Co., Ltd. 瀋陽市碧豐綠化工程有限公司	25 December 2007	RMB500,000	100%	Environmental protection
Sichuan Hongyu Real Estate Co., Ltd. 四川弘毓實業發展有限公司	11 January 2008	RMB15,110,000	85%	Property development
Huidong Country Garden Property Development Co., Ltd. 惠東碧桂園房地產開發有限公司	23 January 2008	RMB450,000,000	100%	Property development
Taizhou Country Garden Phoenix Hotel Co., Ltd. 泰州市碧桂園鳳凰酒店有限公司	19 February 2008	RMB50,000,000	100%	Hotel operation
Guangdong Guosheng Project Management Co., Ltd. 廣東國晟建設監理有限公司	6 March 2008	RMB3,000,000	100%	Construction
Yangjiang Shun'an Construction Co., Ltd. 陽江市順安建築工程有限公司 (廣東國良建築工程有限公司)	13 March 2008	RMB10,000,000	100%	Construction
Yangshan Country Garden Phoenix Hotel Co., Ltd. 陽山碧桂園鳳凰酒店有限公司	30 April 2008	RMB10,000,000	100%	Hotel operation
Foshan Shunde Biri Safeguard Monitor Engineering Co., Ltd. 佛山市順德區碧日安防工程有限公司	8 July 2008	RMB8,000,000	100%	Safeguard Monitor
Suihua Country Garden Property Development Co., Ltd. 綏化碧桂園房地產開發有限公司	17 July 2008	RMB100,000,000	100%	Property development
Chaohu Zhongmiao Country Garden Water Service Co., Ltd. 巢湖市中廟碧桂園水務有限公司	19 August 2008	RMB500,000	100%	Water Service
Jingmen Country Garden Property Development Co., Ltd. 荊門碧桂園房地產開發有限公司	10 September 2008	RMB130,000,000	100%	Property development
Jingmen Country Garden Phoenix Hotel Co., Ltd. 荊門碧桂園鳳凰酒店有限公司	10 September 2008	RMB5,000,000	100%	Hotel operation
Tianjin Balizhou Country Garden Phoenix Hotel Co., Ltd. 天津八里洲碧桂園鳳凰酒店有限公司	22 September 2008	RMB5,000,000	100%	Hotel operation
Tianjin Balizhou Country Garden Property Development Co., Ltd. 天津八里洲碧桂園房地產開發有限公司	25 September 2008	RMB183,000,000	100%	Property development

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## 41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Hexian Country Garden Water Service Co., Ltd. 和縣碧桂園水務有限公司	9 October 2008	RMB500,000	100%	Water Service
Foshan Shunde Bijing Electronics Technologic Co., Ltd. 佛山市順德區碧晶電子科技有限公司	19 November 2008	RMB2,000,000	100%	Technologic development for household appliance
Qingyuan Zhuoyue Hongjian Real Estate Investment Co., Ltd. 清遠市卓越弘建置業投資有限公司	27 October 2009	RMB130,000,000	100%	Property development
Shenyang Giant Leap Construction Co., Ltd. 瀋陽騰越建築工程有限公司	10 December 2009	RMB130,000,000	100%	Construction
Jiangmen Xinhui Country Garden Property Development Co., Ltd. 江門市新會區碧桂園房地產開發有限公司	12 January 2010	RMB180,000,000	100%	Property development
Maoming Shuidongwan Country Garden Property Development Co., Ltd. 茂名市水東灣碧桂園房地產開發有限公司	20 January 2010	RMB200,000,000	100%	Property development
Jiangmen Jianghai Country Garden Property Development Co., Ltd. 江門市江海區碧桂園房地產開發有限公司	13 January 2010	RMB120,000,000	100%	Property development
Wuhan Country Garden Lianfa Investment Co., Ltd. 武漢碧桂園聯發投資有限公司	21 January 2010	RMB151,250,000	52%	Property development
Jurong Country Garden Property Development Co., Ltd. 句容碧桂園房地產開發有限公司	12 August 2010	RMB2,214,139,137	100%	Property development
Chuzhou Country Garden Property Development Co., Ltd. 滁州碧桂園房地產開發有限公司	17 August 2010	RMB250,000,000	100%	Property development
Haifeng Country Garden Property Development Co., Ltd. 海豐碧桂園房地產開發有限公司	26 October 2010	RMB105,000,000	100%	Property development
Heshan Zhishan Country Garden Property Development Co., Ltd. 鶴山市址山碧桂園房地產開發有限公司	23 November 2010	RMB250,000,000	80%	Property development
Heyuan Country Garden Property Development Co., Ltd. 河源市碧桂園房地產開發有限公司	7 December 2010	RMB300,000,000	100%	Property development
Dongguan Country Garden Property Development Co., Ltd. 東莞市碧桂園房地產開發有限公司	25 September 2010	RMB600,000,000	100%	Property development
Foshan Chancheng Country Garden Property Development Co., Ltd. 佛山市禪城區碧桂園房地產開發有限公司	13 November 2010	RMB1,000,000,000	90%	Property development
Shenyang Qipanshan Country Garden Property Development Co., Ltd. 瀋陽市棋盤山碧桂園房地產開發有限公司	28 September 2010	RMB176,134,163	100%	Property development
Wuhan Eco-city Country Garden Investment Co., Ltd. 武漢生態城碧桂園投資有限公司	4 December 2010	RMB500,000,000	55%	Property development

## Notes to the Consolidated Financial Statements

## 41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Kaiping Xinzhihe Property Development Co., Ltd. 開平市新智合房地產開發有限公司	6 November 2006	RMB40,000,000	100%	Property development
Foshan Nanhai Shanshuitaoyuan Property Development Co., Ltd. 佛山市南海山水桃園房地產有限公司	22 March 2004	RMB60,000,000	100%	Property development
Huaiji Country Garden Property Development Co., Ltd. 懷集碧桂園房地產開發有限公司	2 November 2010	RMB30,000,000	100%	Property development
Zhongshan Country Garden Property Development Co., Ltd. 中山市碧桂園房地產開發有限公司	28 October 2010	RMB20,000,000	100%	Property development
Deqing Country Garden Property Development Co., Ltd. 德慶碧桂園房地產開發有限公司	24 November 2010	RMB30,000,000	100%	Property development
Beiliu Property Development Co., Ltd. 北流市房地產開發有限公司	1 December 2010	RMB50,000,000	100%	Property development
Laian Country Garden Property Development Co., Ltd. 來安碧桂園房地產開發有限公司	15 December 2010	RMB450,000,000	100%	Property development
Yunfu Country Garden Property Development Co., Ltd. 雲浮市碧桂園房地產開發有限公司	18 December 2010	RMB50,000,000	100%	Property development
Foshan Shunde Xinbi Trading Co., Ltd. 佛山市順德區新碧貿易有限公司	16 January 2010	RMB200,000,000	100%	Trading
Foshan Shunde Longjiang Country Garden Phoenix Hotel Co., Ltd. 佛山市順德區龍江鎮碧桂園鳳凰酒店有限公司	11 November 2010	RMB30,000,000	100%	Hotel operation
Qingyuan Holiday Islands Country Garden Real Estate Development Co., Ltd. 清遠假日半島碧桂園置業發展有限公司	7 July 2010	RMB120,000,000	100%	Property development
Hubei Lianzhi Country Garden Zishanhu Property Development Co., Ltd. 湖北聯置碧桂園梓山湖房地產開發有限公司	29 December 2011	RMB225,000,000	51%	Property development
Jiangmen Xinhui Daze Country Garden Property Development Co., Ltd. 江門市新會區大澤碧桂園房地產開發有限公司	2 December 2011	RMB310,000,000	100%	Property development
Hubei Liantou Country Garden Investment Co., Ltd. 湖北聯投碧桂園投資有限公司	23 November 2011	RMB141,630,000	51%	Property development
Xiangtan Country Garden Property Development Co., Ltd. 湘潭碧桂園房地產開發有限公司	12 January 2011	RMB200,000,000	100%	Property development



## Notes to the Consolidated Financial Statements

## 41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Meizhou Country Garden Property Development Co., Ltd. 梅州市碧桂園房地產開發有限公司	4 January 2011	RMB200,000,000	100%	Property development
Qingyuan Country Garden Xinya Property Development Co., Ltd. 清遠碧桂園新亞房地產開發有限公司	25 January 2011	RMB300,000,000	51%	Property development
Wuxi Country Garden Property Development Co., Ltd. 無錫市碧桂園房地產開發有限公司	14 January 2011	RMB350,000,000	100%	Property development
Guangzhou Shilou Country Garden Property Development Co., Ltd. 廣州市石樓碧桂園物業發展有限公司	02 April 2011	RMB350,000,000	100%	Property development
Hangzhou Country Garden Property Development Co., Ltd. 杭州碧桂園房地產開發有限公司	01 April 2011	RMB862,576,465	100%	Property development
Shenzhen Country Garden Property Development Co., Ltd. 深圳碧桂園房地產開發有限公司	04 March 2011	RMB20,000,000	70%	Property development
Dongguan Dexia Country Garden Property Development Co., Ltd. 東莞市德廈碧桂園房地產開發有限公司	13 April 2011	RMB250,000,000	100%	Property development
Yingde Country Garden Property Development Co., Ltd. 英德市碧桂園房地產開發有限公司	28 April 2011	RMB20,000,000	100%	Property development
Sihui Jianggu Country Garden Property Development Co., Ltd. 四會市江谷碧桂園房地產開發有限公司	01 April 2011	RMB20,000,000	100%	Property development
Kaiping Country Garden Property Development Co., Ltd. 開平市碧桂園房地產開發有限公司	09 June 2011	RMB300,000,000	100%	Property development
Meizhou Shejiang Country Garden Property Development Co., Ltd. 梅州畚江碧桂園房地產開發有限公司	04 July 2011	RMB50,000,000	100%	Property development
Chenzhou Country Garden Property Development Co., Ltd. 郴州碧桂園房地產開發有限公司	07 July 2011	RMB190,000,000	100%	Property development
Hainan Wenchang Country Garden Property Development Co., Ltd. 海南文昌碧桂園房地產開發有限公司	17 January 1994	RMB50,000,000	100%	Property development
Tianjing Binhai New District Country Garden Property Development Co., Ltd. 天津濱海新區碧桂園房地產開發有限公司	19 October 2011	RMB30,000,000	100%	Property development
Zhangqiu Country Garden Property Development Co., Ltd. 章丘市碧桂園房地產開發有限公司	17 August 2011	RMB100,000,000	100%	Property development

## Notes to the Consolidated Financial Statements

## 41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Guangxi Pingguo Country Garden Property Development Co., Ltd. 廣西平果碧桂園房地產開發有限公司	16 January 2012	RMB90,000,000	100%	Property development
Guiyang Deyang Investment Development Co., Ltd. 貴陽德陽投資發展有限公司	16 February 2012	RMB20,000,000	100%	Property development
Jiaoling Country Garden Property Development Co., Ltd. 蕉嶺碧桂園房地產開發有限公司	8 June 2012	RMB120,000,000	100%	Property development
Fogang Country Garden Spring City Property Development Co., Ltd. 佛岡碧桂園清泉水城物業發展有限公司	29 June 2012	RMB80,000,000	95%	Property development
Hainan Lingao Country Garden Fineland Property Development Co., Ltd. 海南臨高碧桂園方園房地產開發有限公司	22 August 2012	RMB408,163,300	51%	Property development
Rudong Country Garden Property Development Co., Ltd. 如東碧桂園房地產開發有限公司	7 September 2012	RMB180,000,000	100%	Property development
Yixing Country Garden Property Development Co., Ltd. 宜興市碧桂園房地產開發有限公司	25 September 2012	RMB315,265,000	100%	Property development
Danyang Country Garden Property Development Co., Ltd. 丹陽碧桂園房地產開發有限公司	23 October 2012	RMB314,597,768	100%	Property development
<b>Established and operate in the Malaysia, and indirectly held by the Company:</b>				
Vibrant Corridor Sdn. Bhd.	6 November 2012	RM2,500,000	55%	Property development
Mayland Venue Sdn. Bhd.	23 November 2012	RM2,500,000	55%	Property development
Country Garden Danga Bay Sdn Bhd	16 October 2012	RM100,000	100%	Property development
Country Garden Properties (Malaysia) Sdn Bhd	1 January 2012	RM500,000	55%	Property development
Country Garden Real Estate Sdn. Bhd.	10 May 2012	RM499,998	100%	Property development

<sup>1</sup> The directors of the Company are of the opinion that the Group has the power to govern the financial and operating policies of Huanan Property Development, therefore, it is regarded as a subsidiary of the Group.

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

# Financial Summary

## CONSOLIDATED RESULTS

	Year ended 31 December				
	2008	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	15,712,790	17,585,704	25,804,105	34,748,305	<b>41,890,984</b>
Profit before income tax	3,261,325	3,385,938	6,719,785	9,606,735	<b>11,541,913</b>
Income tax expense	(1,846,310)	(1,149,807)	(2,402,011)	(3,768,582)	<b>(4,657,351)</b>
<b>Profit for the year</b>	<b>1,415,015</b>	<b>2,236,131</b>	<b>4,317,774</b>	<b>5,838,153</b>	<b>6,884,562</b>
<b>Attributable to:</b>					
Owners of the Company	1,378,207	2,190,199	4,290,578	5,813,180	<b>6,852,651</b>
Non-controlling interests	36,808	45,932	27,196	24,973	<b>31,911</b>
	<b>1,415,015</b>	<b>2,236,131</b>	<b>4,317,774</b>	<b>5,838,153</b>	<b>6,884,562</b>
<b>Earnings per Share</b>					
Basic	8.45 cents	13.41 cents	25.89 cents	33.30 cents	<b>38.06 cents</b>

## CONSOLIDATED ASSETS, EQUITY AND LIABILITIES

	As of 31 December				
	2008	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS</b>					
Non-current assets	15,672,621	21,263,208	25,420,162	37,581,273	<b>40,610,992</b>
Current assets	34,442,439	42,676,580	56,661,085	69,729,152	<b>95,911,156</b>
<b>Total assets</b>	<b>50,115,060</b>	<b>63,939,788</b>	<b>82,081,247</b>	<b>107,310,425</b>	<b>136,522,148</b>
<b>EQUITY AND LIABILITIES</b>					
Total equity	19,380,669	21,540,922	25,418,075	30,067,264	<b>38,884,408</b>
Non-current liabilities	10,602,458	16,000,254	14,332,323	23,471,559	<b>28,930,412</b>
Current liabilities	20,131,933	26,398,612	42,330,849	53,771,602	<b>68,707,328</b>
Total liabilities	<b>30,734,391</b>	<b>42,398,866</b>	<b>56,663,172</b>	<b>77,243,161</b>	<b>97,637,740</b>
Total equity and liabilities	<b>50,115,060</b>	<b>63,939,788</b>	<b>82,081,247</b>	<b>107,310,425</b>	<b>136,522,148</b>

# Corporate Information

## DIRECTORS

### Executive Directors

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  
Mr. YANG Yongchao

### Independent Non-executive Directors

Mr. LAI Ming, Joseph  
Mr. SHEK Lai Him, Abraham  
Mr. TONG Wui Tung, Ronald  
Mr. HUANG Hongyan  
Ms. HUANG Xiao

## CHIEF FINANCIAL OFFICER

Ms. NG Yi Kum, Estella

## COMPANY SECRETARY

Mr. HUEN Po Wah

## AUTHORIZED REPRESENTATIVES

Ms. YANG Huiyan  
Mr. MO Bin  
Ms. NG Yi Kum, Estella (alternate to Ms. YANG Huiyan)  
Ms. NG Chi Man (alternate to Mr. MO Bin)

## AUDIT COMMITTEE

Mr. LAI Ming, Joseph (*Chairman*)  
Mr. SHEK Lai Him, Abraham  
Mr. TONG Wui Tung, Ronald  
Mr. HUANG Hongyan  
Ms. HUANG Xiao

## REMUNERATION COMMITTEE

Mr. TONG Wui Tung, Ronald (*Chairman*)  
Mr. YEUNG Kwok Keung  
Mr. MO Bin  
Mr. LAI Ming, Joseph  
Mr. SHEK Lai Him, Abraham  
Mr. HUANG Hongyan  
Ms. HUANG Xiao

## NOMINATION COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)  
Mr. LAI Ming, Joseph  
Mr. TONG Wui Tung, Ronald  
Mr. HUANG Hongyan  
Ms. HUANG Xiao

## CORPORATE GOVERNANCE COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)  
Ms. YANG Huiyan  
Mr. MO Bin

## REGISTERED OFFICE

Cricket Square Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

Shunde Country Garden  
Beijiao Town Shunde District Foshan  
Guangdong 528312  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 901-904  
9/F Manulife Provident Funds Place  
345 Nathan Road  
Kowloon  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

## Corporate Information

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
26/F, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### PRINCIPAL BANKERS

Agricultural Bank of China  
Bank of China Limited  
Industrial and Commercial Bank of China Limited  
China Construction Bank Corporation  
The Hongkong and Shanghai Banking Corporation Limited  
The Bank of East Asia, Limited  
Hang Seng Bank Limited  
UBS

### AUDITOR

PricewaterhouseCoopers

### LEGAL ADVISORS

#### **As to Hong Kong law:**

Woo Kwan Lee & Lo  
Lu, Lai & Li

#### **As to PRC law:**

Jingtian & Gongcheng

### STOCK CODE

The Stock Exchange of Hong Kong Limited  
Stock Code: 2007

### WEBSITE

<http://www.countrygarden.com.cn>

