GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

Annual Report 2012

ABOUT **R&F**

One of China's largest and most well-known property developers, Guangzhou R&F Properties Co., Ltd. is a major player in the country's drive towards urbanization. Our core business lies in mass residential property development on a variety of scales, with over 40 projects currently under development in 15 major cities including Beijing, Tianjin and Guangzhou. A proportion of our asset portfolio is held in investment properties (including prestigious hotels and shopping malls) as part of our ongoing development strategy. R&F is also involved in co-developing some important large-scale projects in conjunction with respected industry peers. With a prime land bank portfolio sufficient for several years of developments, and a brand name synonymous for quality and value nationwide, R&F is expecting to contribute significantly to the quality of urban life in China over the coming year.

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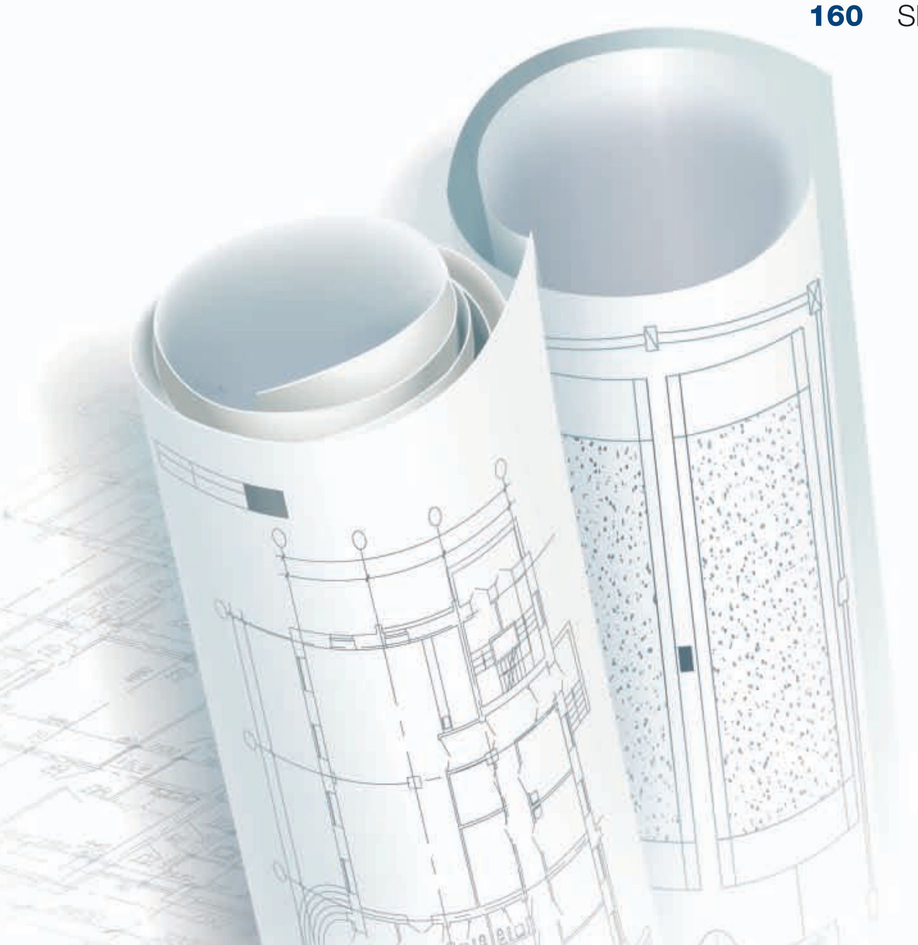

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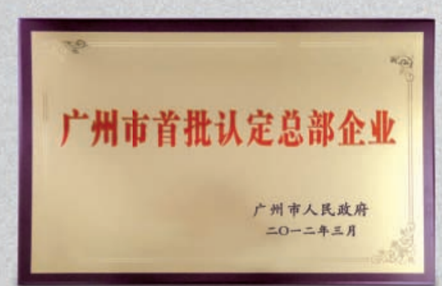
HIGHLIGHTS OF THE YEAR



MARCH

Included in the first batch of "Enterprise Headquarter Recognised by Guangzhou City" by the Municipal People's Government of Guangzhou

Announcement of 2011 Annual Results

APRIL

Grand opening of Hyatt Regency Chongqing

MAY

2011 Annual General Meeting

JULY

Named "2012 Outstanding China Property Stock" by the Economic Digest for the fifth consecutive year

AUGUST

Announcement of 2012 Interim Results

SEPTEMBER

Grand opening of Renaissance Huizhou Hotel and awarded "Best Newly Opened Hotels of China" by Asia Hotel Forum

NOVEMBER

Awarded "Top 100 Hong Kong Stock" and "Dividend Yield Top 10" in 2012 evaluation of Hong Kong Listing Companies by QQ.com and FINET

DECEMBER

R&F Yingcheng Plaza Block B Grade A office building won a gold medal in the Ninth bi-annual China International Interior Design Exhibition

FINANCIAL HIGHLIGHTS

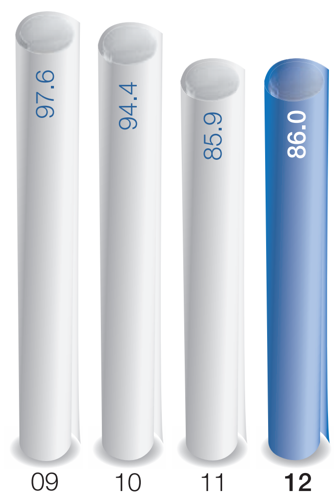
	2012	2011	% changes
OPERATING RESULTS (RMB'000)			
Revenue	**30,365,056**	27,370,095	11%
Gross profit	**12,378,280**	11,415,851	8%
Profit for the year attributable to owners of the Company	**5,501,979**	4,841,650	14%
Basic earnings per share (RMB)	**1.7224**	1.5057	14%
Dividends per share (RMB)	**0.6**	0.6	–
FINANCIAL POSITION (RMB'000)			
Cash	**12,861,714**	9,025,863	42%
Total assets	**98,587,210**	84,158,884	17%
Total liabilities	**71,757,336**	61,426,510	17%
FINANCIAL RATIOS			
Net assets per share (RMB)	**8.29**	7.01	18%
Dividend payout ratio (%)	**34.8**	39.8	-13%
Return on equity (%)	**22.8**	22.6	1%
Net debt to equity ratio (%)	**86.0**	85.9	0%

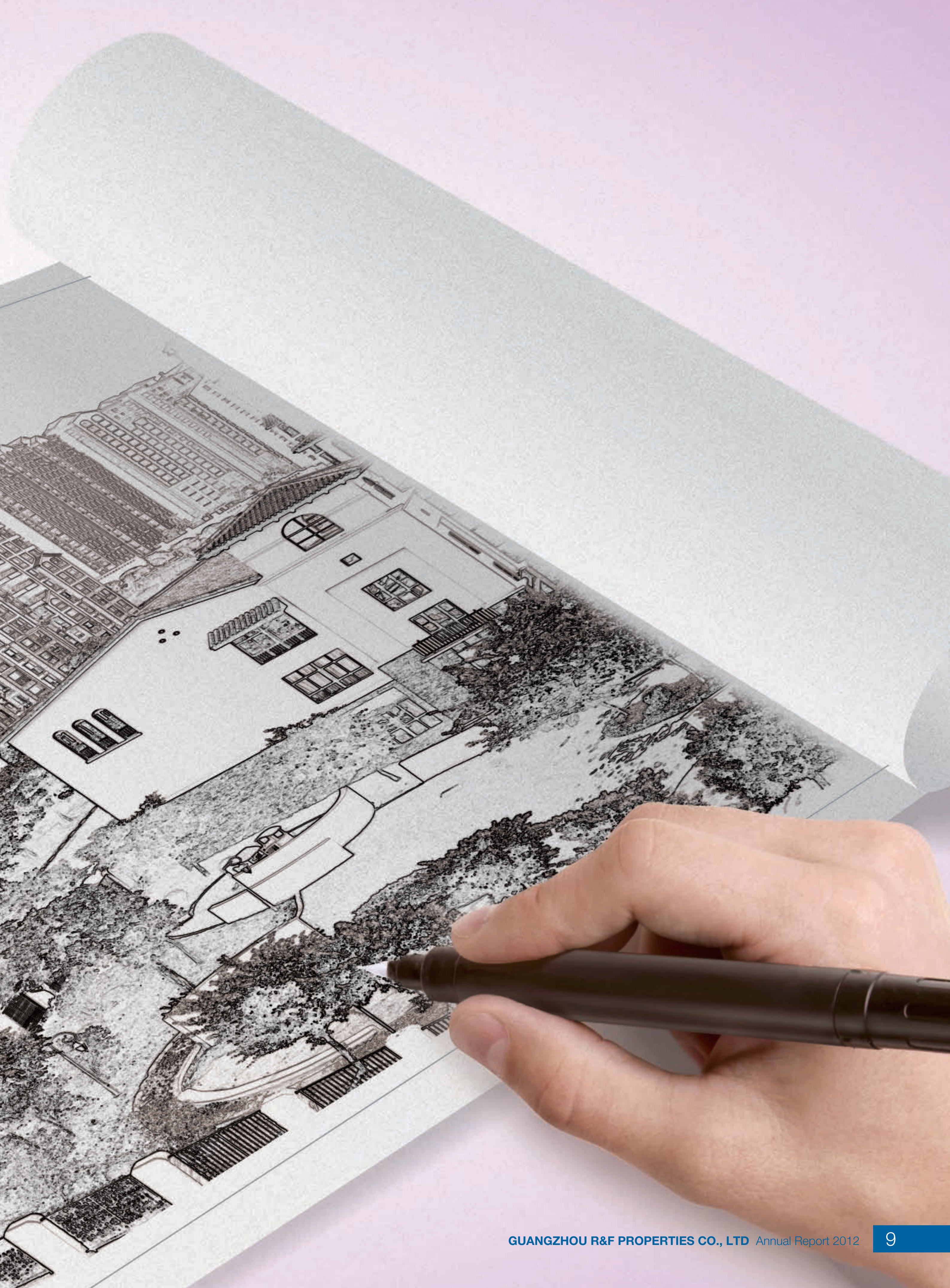
Revenue
RMB (in million)

Profit attributable to owners of the Company
RMB (in million)

Basic earnings per share
RMB

Net debt to equity ratio
%





LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

The Group set out realistic targets going into 2012, aimed at maintaining a pattern of continuous growth that was both healthy and sustainable. We are pleased to report that despite a business environment that remained very challenging, we successfully achieved all our key targets for the year, including contracted sales, delivery of completed properties, construction new starts, and total GFA under development. In terms of financial results, our total turnover increased steadily by 11% to RMB30.4 billion and our net profit increased by a healthy 17% to RMB5.66 billion. This solid performance has put the Group in a good position going forward, and has left us well-equipped to face any unexpected macro or sector-related policies which may be introduced in the future.

AN EVOLVING MARKETPLACE

As a backdrop to the Group's performance over the past 12 months and our strategies for the year ahead, it is worth recapping the developments that have most influenced our industry in 2012. Perhaps the single biggest such factor was urbanization. Urbanization has been a continuing theme in China for some years, and was firmly established at the 18th National Congress of the CPC as one of the key directions of the national development plan. From the perspective of the China property sector, urbanization means a growing importance is being placed on the production of rigid demand type housing, a development that inevitably impacts on the business models of major property developers like R&F.

Another development in 2012 has been the maturing of market for non-residential property developments. We have seen very rapid development of certain niche markets in China, specifically those for commercial properties (office and retail), retirement communities, and property related to cultural and tourism development. This trend has broadened the types of properties in which developers are becoming involved in from those on which they have historically placed emphasis.

Over the past year, the regulatory environment has been less of a factor for property developers than it had been in the previous few years. In 2012 the Government introduced no new control measures of any significance, instead concentrating on increasing the efficacy of existing measures. Top officials restated their commitment to enforcing these measures from time to time and on 20 February 2013 the State Council pronounced five enhanced measures (the "2013 Measures") to supplement them. The 2013 Measures do not represent a departure from the existing regulatory framework. The Government's aim remains one of reining in property speculation and supporting legitimate demand for housing at a reasonable cost.

Overall though, we have seen a gradual improvement in the property market over the year, starting with rigid property demand, percolating through to higher-grade properties, and finally reaching investment-type properties. The Group's sales were strongest in the fourth quarter, offering testimony to an improving market environment as the year unfolded.

OUR PERFORMANCE IN 2012

For our Group, the stability of the regulatory environment in 2012 has proved advantageous. We have had sufficient time to adapt to the regulatory regime to achieve significant successes. The Group's contracted sales target for 2012 was RMB32 billion. Actual contracted sales for the year amounted to RMB32.2 billion, with a saleable area of 2.88 million sq.m. This represented a 13% increase in terms of amount and 32% increase in terms of GFA from the previous year (2011: contracted sales of RMB28.5 billion and saleable area of 2.19 million sq.m.). Despite a challenging environment, our actual contracted sales exceeded our target, in line with our overall plans and demonstrated an optimal deployment of our resources for 2012. In addition, there were sales from five joint venture projects generating contracted sales attributable to the Group of RMB2.0 billion with saleable area of 96,900 sq.m.

Turnover from sale of properties, the key to the Group's financial results, is based on actual completion and delivery of properties. Construction proceeded largely according to plan, and this resulted in the delivery during the year of 2.38 million sq.m. of properties for sale, along with 145,000 sq.m. of investment properties. Turnover from sale of properties for 2012 increased 10.5% over 2011 to RMB28.1 billion with improvement in net margin.

The Group acquired four plots of land in 2012. One of the plots in Hebei was acquired in the first half of the year, while the other three in Beijing, Hangzhou and in Guangzhou were second-half acquisitions. The total land area acquired amounted to 1,532,000 sq.m. The Hangzhou acquisition marked the Group's entry into yet another new city where the Group sees long term potential, the 15th in which we now operate. In line with our current land bank strategy, the time period between acquisition and commencement of pre-sale for these newly-acquired pieces of land is expected to be from eight to twelve months.

BUSINESS HIGHLIGHTS OF 2012

We began pre-sales for six new projects during the year; of particular note is the fact that the land purchased for four of these projects was completed within just 12 months of pre-sales starting. Indeed, R&F American Dream Island Phase 2 in Beijing began pre-sales just seven and a half months after land acquisition, while our Jiangwan New Town project in Harbin commenced pre-sales very rapidly despite the fact that we first entered the city for land acquisition less than a year earlier. By achieving such a short development cycle, we are able to optimize our operating cash flow and ensure competitiveness. The short project cycle was accomplished without any adverse effects on sales success; in fact, the first week of pre-sales of these projects generated significant sales together exceeding RMB1.3 billion. This model of quick asset turnover is one that we plan to expand in the years ahead.

Our hotel operations continue to expand, with two new hotels being added to our hotel portfolio in 2012. These were the Hyatt Regency Chongqing, and the Renaissance Huizhou Hotel. Our mature hotels continue to show improvement in operating results.

It has been a particularly eventful year on the financing front, and we have been very active in exploring new financing options to broaden our financial flexibility. The core of our financing continued to come from regular construction loans in 2012, but certain other developments are well worth mentioning. First, the Company's domestic corporate bonds with a sell-back option exercisable in October 2012 (the third anniversary date) were extended in their entirety for a further two years, but with only a 30 bps rise in interest. Secondly, we acquired RMB3.2 billion in funding from Ping An Trust Co. Ltd., as described in our interim report. Thirdly, the Group took advantage of favourable windows to re-tap its US$ 10.875% 5-year Senior Notes in August 2012 raising US$238 million and then, in January 2013, to issue US$600 million of 7-year Senior Notes. This ability to issue longer tenor senior notes showed both the depth of the offshore financing market and the maturity of the Group's credit. This new bond issue successfully adopted a new structure based upon a keepwell undertaking by the Company, instead of a formal guarantee requiring approval by PRC authority which would be a stringent and slow process. The ability to be quick to the capital market ensures we are able to capture market window with more certainty.

STRATEGIC PLANNING FOR 2013

As China's new leaders take the helm in 2013, we do not expect the general direction of the regulatory environment to change course. However, we do expect that the new Central Government will want to maintain a similar focus on the housing sector in order to achieve stable housing prices and sustainability. Indeed, the 2013 Measures support rather than contradict this view. The continuance of existing control measures to moderate housing price rises, a possible extension of the current city-based trial property tax to more cities, and wider construction of low-income housing, will be some of the factors that set the tone for the market in 2013.

Given the cautiously optimistic outlook, the Group's strategies for 2013 will be aimed at achieving an increase in its growth momentum compared with the moderate growth of the past few years. For 2013, we are looking to raise the pace and scale of our growth by such strategies as sourcing quality land and increasing asset turnaround. Specifically, we will be looking for land that lends itself to a short project cycle from acquisition to pre-sale. At the same time, we are aiming to build up a larger land bank portfolio, which may see us making more acquisitions in second-and third-tier cities while retaining our focus on selecting only prime locations. These changes will also be beneficial for preserving the Group's liquidity.

We will also be deploying resources on building and fine-tuning our brand image, along with our sales and marketing strategies. Having a respected brand name brings many advantages. In property development, brands gain critical mass when consumers can see multiple examples of the brand at work. To this end, we will focus on having multiple developments up or ongoing in a few selected cities, so local consumers can see the R&F brand at work on a larger scale. At the same time, we will be looking to make the market positioning of our offerings more precise (e.g. in terms of city location, likely income groups etc.), and to boost the attractiveness of our properties for sale by completing construction of sought-after ancillary facilities earlier than in the past, a move that should boost both sales volumes and prices.

At a macro level, we aim to build brand respect by getting involved in a more in-depth way in the major cities where we are operating. It is well-known that businesses that commit to massive investment in a community or locality generate strong longer-term benefits, specifically through the creation of a 'virtuous circle' of goodwill and trusted relationships that can extend to government authorities, local banks and suppliers, and of course the wider community. This is something the Group will be looking at ways of developing further in the coming year.

Effective cost control will remain a major focus of the Group's efforts in 2013. We are looking to further reduce costs in a number of ways, including through the use of a small but elite project team, and by engaging in joint sales and marketing campaigns of certain projects, making for a more efficient sharing of resources.

LOOKING AHEAD TO 2013

We have already mentioned that we are looking to increase the rate of our growth in 2013. This will be grounded on construction new starts, which will translate into larger GFA under development and ultimately more properties available for sale. Our plans therefore are to increase our construction new starts by over 70% in 2013 to approximately six million sq.m., which will raise our GFA under development. These proposed increases break the mould of the last few years, being significantly higher.

As a result of a rich planned project pipeline, we are able to adopt a more optimistic view of contracted sales. Consequently, we have set a contracted sales target for 2013 of RMB42 billion, a planned rise of 23% over 2012. The target is based on the planned project launch schedule of 42 projects in total. As for delivery targets, we aim to deliver approximately 2.84 million sq.m. in 2013, with approximately 1/3 in the first half and 2/3 in the second half of the year.

We are now operating in 15 different cities, a sizeable number with regional diversification but without over-stretching resources. As such, expansion into new cities simply for expansion's sake is not a priority. The key factor will be opportunity, in terms of land bank availability and local market dynamics. Given our past experience however, and our current land bank strategy, it seems probable that in 2013 the Group will enter one or two new second- or third-tier cities.

After a period of adjustment to new housing controls, accompanied by proactive exploration of new funding options and ongoing steady but prudent land bank acquisition, the Group is in a strong position to step up its activities in 2013. We are not looking at a radical change of gear, simply a gentle increase in the pace at which we turn our projects around and tailor them for the marketplace. We have an excellent land bank, an established and growing reputation, and a strong brand name. We are expecting that in 2013, R&F will continue to mark itself out as one of China's best and most forward-looking property developers.

ACKNOWLEDGEMENTS

In the property industry, the goodwill, co-operation and active support of many different parties is vital for any company's success. We would here like to acknowledge some of those groups, especially the shareholders and investors who have supported us so loyally and enthusiastically in an era of considerable changes within our market. To our customers, the ones who bear witness to the value and quality of our products by actually buying them, we extend our warmest gratitude. Customer confidence is of the essence in building a brand name that has real value in the market place. Finally, thanks are due to the Company's Directors and many staff members. Their commitment and readiness to adapt and move us ahead is an inspiration, and the envy of many. All these parties have helped ensure a satisfactory year for R&F in 2012; for the year to come, their support is what will carry us forward with renewed confidence and vigour.

Li Sze Lim
Chairman

Zhang Li
Co-chairman and Chief Executive Officer

The global economy faced many headwinds in 2012. The European debt crisis lingered on and the US fiscal cliff towards the end of the year overshadowed prospects of any potential and (at best) fragile economic recovery. The state of the global economy weighed on China's own economy, which recorded annual GDP growth of just under 8%. Although its 2012 growth rate was lower than recent years, the Chinese economy remained fundamentally sound with the urbanization process continued in full swing. Urbanization is one of the four strategic directions of development laid out at the 18th National Congress of the CPC in November 2012; as a driver of domestic consumption, it is a powerful force behind the unabated heavy rigid demand for property. Amid a regulated business environment, this rigid demand fed a resilient property market that showed distinct signs of recovery in the last quarter of the year.

CONTRACTED SALES

The Group achieved its contracted sales target for 2012. Actual contracted sales amounted to RMB32.2 billion, an increase of 13% from the previous year's total. Contracted sales were derived from projects in 14 cities and areas, two more than in 2011. Of the 12 cities and areas with contracted sales for comparison with the previous year, 8 registered increases in 2012. In the cities where we offered products especially suited to rigid demand for properties, more significant increases in contracted sales were achieved. This included increases of 92% in Taiyuan, 73% in Chongqing and 26% in Xian, cities which together posted combined contracted sales of RMB5.69 billion. Guangzhou's contracted sales remained the highest among all cities at RMB8.44 billion, approximately 15% less than the amount for 2011. In terms of GFA, however, contracted sales there reduced by 42%, reflecting the much higher average selling price of RMB18,890 per sq.m. for the year, against RMB12,860 per sq.m. the previous year. The current year's average selling price was a more typical one for Guangzhou, where sales normally include a significant portion of commercial properties as well as generally higher-priced residential properties; the city's 2011 average selling price was affected by sales of a one-off low income housing project. Overall for the Group, contracted sales in GFA increased by 32% to 2.876 million sq.m. from 2.187 million sq.m., accompanied by a decrease in average selling price to RMB11,200 per sq.m. from RMB13,040 per sq.m. in the previous year. As always, sales mix was a major factor in determining the overall average selling price; the change in the average selling price was due in part to increasing weighting being given to sales of properties that cater to rigid demand.

Kunshan R&F Bay Shore

Details of the Group's 2012 contracted sales by geographical distribution are set out below:

Location	Approximate saleable area sold (sq.m.)	+/-% vs. 2011	Approximate total value (RMB million)	+/-% vs. 2011
Guangzhou	447,000	-42%	8,443	-15%
Beijing and vicinity	569,000	88%	7,025	3%
Tianjin	299,000	27%	4,245	14%
Xian	170,000	33%	1,341	26%
Chongqing	362,000	118%	1,893	73%
Chengdu	88,000	-31%	896	-21%
Huizhou	132,000	529%	996	408%
Hainan	57,000	-20%	830	-12%
Shanghai and vicinity	140,000	21%	1,702	20%
Taiyuan	432,000	196%	2,454	92%
Shenyang	17,000	-32%	175	-37%
Nanjing	94,000	25%	1,215	100%
Harbin	44,000	N/A	863	N/A
Datong	25,000	N/A	122	N/A
Total	**2,876,000**	**32%**	**32,200**	**13%**

PROJECTS UNDER DEVELOPMENT

Through optimal allocation of resources, the Group maintained a pace and scale of development in 2012 which enabled it to fulfil the year's delivery target and build up saleable resources in support of its contracted sales plan. The Group started the year with approximately 6.86 million sq.m. of GFA under development, spread across 39 projects in 14 cities and areas. During the year, the Group completed 2.85 million sq.m. GFA of properties for sale, and began construction of 28 projects of approximately 3.35 million sq.m. GFA. The Company's GFA under development at the end of the year therefore increased by 7% to approximately 7.36 million sq.m., distributed across 39 projects. When this area under construction is put together with planned construction new starts in 2013, they are together estimated to make available pre-sale permits for properties with an approximate value of up to RMB75 billion, providing a solid basis for the Company's sales target and delivery plans for 2013.

Location	Number of projects	Approximate total GFA (sq.m.)	Approximate saleable area (sq.m.)
Guangzhou	8	1,570,000	1,145,000
Beijing and vicinity	7	1,340,000	1,077,000
Tianjin	5	1,123,000	760,000
Xian	1	199,000	181,000
Chongqing	1	834,000	700,000
Chengdu	2	182,000	149,000
Shanghai and vicinity	2	109,000	105,000
Shenyang	1	10,000	10,000
Hainan	3	300,000	296,000
Taiyuan	4	771,000	611,000
Huizhou	2	357,000	303,000
Harbin	1	240,000	199,000
Nanjing	1	149,000	107,000
Datong	1	172,000	144,000
Total	**39**	**7,356,000**	**5,787,000**

SOUTHERN AND WESTERN CHINA

Guangzhou is the growth engine of southern China. The city has invested heavily in infrastructure in recent years, at a pace that was accelerated to support the 16th Asian Games hosted by the city in 2010. The city is now enjoying the economic benefits of these investments, as more business enterprises and their skilled professional personnel have been drawn to the city by its efficient business environment. Despite regulatory measures, the growing middle class population has provided strong support for property demand.

Contracted sales for Guangzhou in the year amounted to RMB8.44 billion, and mainly derived from sales of five projects: R&F Yingkai Plaza, R&F Yingtong Plaza, R&F Tangning Garden, R&F Jingang City, and R&F Spring World. R&F Yingkai Plaza and R&F Yingtong Plaza are both commercial properties in Pearl River New Town, the CBD of Guangzhou, where the Group has a very strong presence. R&F Yingkai Plaza, located next to the Group's headquarters building, R&F Center, is a grade-A office building with a Park Hyatt Guangzhou yet to come on its upper floors. The project includes a rare complete set of amenities and offers purchasers superb value. During the year approximately RMB2.74 billion worth of properties were sold there, making the project first in Guangzhou in the four categories of sales value, GFA sold, average selling price, and number of commercial property units sold. R&F Yingtong Plaza is another project in the Group's series of commercial projects in Pearl River New Town starting with "Ying", a prefix which has become synonymous with quality and high standards. Building on a strong pedigree, R&F Yingtong Plaza rang up RMB480 million in sales on launch and generated RMB820 million during the year. R&F Tangning Garden, located in the old Liwan District of Guangzhou, comprises high-rise apartments as well as villas and link houses. The high-rise apartments all practically sold out upon sales launch, while the unique villa and link houses were eagerly sought after by higher-end purchasers. In total R&F Tangning Garden generated RMB1.26 billion in contracted sales, of which RMB280 million came from sales of villas and link houses. R&F Jingang City was the other key residential project for the year. Located in north Guangzhou, the project sold over 2,000 units in the year and was among the top sales projects in Guangzhou in terms of units sold. With the average selling price also increasing by approximately 16% in the year to reach RMB6,850 per sq.m., the project generated RMB1.25 billion in contracted sales. R&F Spring World in Conghua is approximately 1.5 hour commute from the Guangzhou city center, and is the only large-scale resort and leisure type development in the area to possess golfing and hot spring facilities. With marketing efforts focused on high-end past customers, the project recorded RMB440 million in contracted sales for the year. Sales of retail spaces and car parks in various projects also made significant contributions to the year's contracted sales.

Chongqing, having established itself as a manufacturing center for key industries such as the electronics and automobile industries, is now also taking shape as a financial center for the upper Yangtze River region. With these two streams of economic activity, the city's economy in 2012 was robust; in terms of exports it ranked among the top 10 of all Chinese cities.

The Group's total contracted sales for the year in the city increased by 73% to RMB1.89 billion. The Group's multi-phased mega project Chongqing R&F City was the only project under development and for sale in 2012, as it was in the previous year. The fact that quite significant sales growth was achieved despite sales being from just a single project demonstrates the advantages of mega projects like Chongqing R&F City. The project occupies a site of 2.6 million sq.m. in an area designated to become Chongqing's 'university city', and upon final completion it will have a total GFA of approximately 6.8 million sq.m. The scale of the project and the way it has been refined over its successive phases of development to suit changing market demand has fostered sales growth over a prolonged period; Chongqing R&F City was in its seventh year of development in 2012, a year which saw its highest annual contracted sales ever. Up to the end of 2012, GFA of approximately 880,000 sq.m. had been completed and cumulative contracted sales from the project amounted to approximately RMB6.0 billion.

Chengdu now ranks third among sub-provincial cities in China in terms of GDP, just behind Guangzhou and Shenzhen. The city's economy achieved healthy growth within a larger Chinese economy which faced downward pressure in the year; GDP increased by 13% to exceed RMB800 billion and the disposable income of the city's urban population increased at a similar rate.

Contracted sales in Chengdu amounted to RMB896 million, derived from three projects: residential developments R&F Peach Garden and R&F Ritz International Apartments, and the commercial building R&F Center. At RMB430 million, contracted sales of R&F Ritz International Apartments were slightly slower than expected. However, the project is adjacent to the Ritz-Carlton Chengdu, so the project's appeal to purchasers will be significantly enhanced with the planned completion of the hotel in the first half of 2013, and could become a main driver of sales in Chengdu in 2013. The commercial project R&F Center was almost completely sold in the year.

Hainan's property market is one of a kind in China. Properties for vacationing or retirement form a major part of developments on the island, so by nature many property purchasers are not first-time home buyers, or are investors. The regulatory measures that so effectively weeded out the speculative elements from this group of buyers have without doubt dampened Hainan's property market. However, given the island's favourable year-round warm weather and other unmatched natural advantages, there remains substantial non-speculative and long-term investment demand for vacation or retirement properties on the island. This is evident from sales achieved in the year, despite the overall market remaining sluggish.

The Group's contracted sales for the year rose modestly, from three projects; R&F Bay Shore, R&F Yingxi Valley, and R&F Mangrove Bay. R&F Yingxi Valley is located on Haikou's west coast and is comprised of villas and link houses, while R&F Mangrove Bay is located at Chengmai Town adjacent to 99 hectare of mangrove forest. These two projects partly offer smaller sized units of around 90 sq.m., and the satisfactory sales recorded there demonstrated ongoing demand for resort or retirement properties carrying a lower price tag. The third project, R&F Bay Shore, is a mix of resort style low-rise apartments with additional facilities that include a resort hotel and a yacht club at Xiangshui Bay. It is in its fifth year of sales.

Huizhou covers an area of approximately 22,300 sq.km., divided into five administrative regions; it is a fast growing economy in the Pearl River Delta region with a strong electronics industry sector boasting major brand names, as well as a sizable petrochemical industry.

Contracted sales for Huizhou jumped four fold to RMB996 million, from RMB196 million in the previous year. Sales were mainly from R&F Ligang Center, the Group's high-end integrated property development which is now a landmark of the Huizhou CBD. During the year, the remaining inventory of R&F Ligang Center was cleared out and a new villa project, Longmen R&F Hot Spring Valley was launched. The project's unique location, combined with smart marketing tactics and a reasonable price-tag, helped to sell over 390 units of the first two phases in a short period upon launch, bringing in RMB620 million in contracted sales. Sales continued at the mixed development R&F Modern Plaza in Boluo, launched in late October 2011; sales of RMB185 million were recorded, up from RMB66 million in 2011.

NORTHERN AND EASTERN CHINA

Beijing was the second city that the Group entered for business, back in 2003, and since then it has carried a product line comparable to Guangzhou's both in number and diversity. Contracted sales for the year, in which it again ranked just behind Guangzhou, amounted to RMB7.03 billion. This was up slightly from 2011, and accounted for 22% of the Group's total contracted sales.

The impact of new projects on contracted sales was especially noticeable in Beijing. Nine projects were the main contributors to Beijing's contracted sales; these included both mature projects such as the flagship R&F Festival City, and several newer projects. The second phases of R&F Danish Town and Xianghe R&F New Town, both newly launched in the year, together with R&F Golden Jubilee Garden and R&F Shengyue Court, accounted for over 80% of Beijing's total contracted sales. The latter two projects were also more recent projects, having been launched in 2010 and 2011 respectively. Despite its suburban location, Xianghe R&F New Town achieved contracted sales well in excess of the target set for the project, of RMB1.20 billion. This outstanding result was achieved due to very successful efforts in building an image of a grand development, by completing many amenities at an early stage and having a very sizable area under construction. As for the second phase of R&F Danish Town, creative marketing also made possible better-than-expected sales of RMB1.83 billion, as compared to RMB1.14 billion for the first phase in 2011, with the average selling price approximately 30% higher.

Tianjin, with contracted sales of RMB4.25 billion in the year, ranked third among all cities in which the Group operated. The key project in the city is the flagship project Tianjin R&F Jinmen Lake, now in its sixth year of development. Acquired in 2007, R&F Jinmen Lake has recorded cumulative sales to date of RMB10.7 billion, including RMB3.19 billion in 2012. The massive scale of R&F Jinmen Lake, together with continuous improvement of the surrounding environment, has enabled sales of this project to reach new highs year after year. It again achieved record sales 2012, an achievement definitely facilitated by the completion of renovations that further beautified the man-made lake which is central to the development. This will probably benefit future sales too, since approximately 750,000 sq.m. is yet to be delivered. Besides R&F Jinmen Lake, the other projects of significance in Tianjin were R&F Peach Garden, a residential development, and R&F Center, an office building located in the heart of Tianjin's CBD.

In addition to its 100% owned projects, the Group also held a one-quarter interest in Tianjin Jinnan New Town, a large-scale mixed development with a site area of 1.29 million sq.m. and a GFA of over 3 million sq.m.

Xian has contributed steadily to the Group's contracted sales in recent years. Its one project in the city, Xian R&F

City, generated RMB1.34 billion in the year, an increase from RMB1.06 billion the previous year. Xian R&F City is a large multi-phased residential project with a total GFA of over one million sq.m., and is now close to completion after seven years of development. The project achieved further growth in sales by leveraging the sales momentum provided by smaller units to promote larger sized units. Villas were also offered for sale in the final month of the year; 24 units were sold within hours of launch, bringing in RMB152 million in contracted sales.

Shanghai and its vicinity recorded the highest contracted sales ever of RMB1.70 billion in the year from two projects: R&F Bay Shore in Kunshan and R&F Peach Gardens in Qingpu District, both low-density residential developments. R&F Peach Gardens came top in Qingpu District both in terms of the number of units sold and GFA sold. The project was wound up with practically all inventory having been sold. R&F Bay Shore managed to achieve satisfactory sales in a still difficult market by using the fact of its superb lake views of the Kunshan area to emphasize the relaxing lifestyle available there, and consequently grasped a substantial share of property sales in the area.

The Group is also developing a mixed project of residential properties, retail spaces, offices and a hotel in the Yangpu District of metro Shanghai, in a joint venture with KWG Property Holdings Limited. The residential portion, named California Place, commenced sales toward the end of 2011.

Nanjing is among the top 20 cities in China in terms of GDP and disposable income per capita. Its property market has considerable depth and provides ample opportunities for the Group to expand there.

The Group's single project in the city, Nanjing R&F City, is a mixed use development with both commercial and residential components. The project is located on a 572,000 sq.m. site in the Qilin Science & Technology Park, in Nanjing's Jiangning District. Sales of Nanjing R&F City were successfully launched in October 2011, the same year in which the project site was first acquired. The Group's acquisition was based on what it saw as the considerable potential of the Qilin Science & Technology Park, a fact which has become more evident in the past year as 1) a wide variety of projects have confirmed that they will base themselves in the Park; 2) the light rail serving the district is expected to open prior to the 2014 Youth Olympic Games being hosted by the city, and 3) construction of a 3.7 sq.km. central park has commenced. Such developments have helped boost the appeal of Nanjing R&F City tremendously. Contracted sales from Nanjing R&F City approximately doubled to RMB1.22 billion in the year, of which approximately 73% came from residential units due to very strong demand from Nanjing home-buyers. Cumulative contracted sales in GFA for Nanjing R&F City amount to approximately 169,000 sq.m., of a total GFA of 545,000 sq.m. for the whole project.

Taiyuan is a market with property demand tilted towards the rigid demand type. The Group achieved a breakthrough by offering five projects in the year in the city and achieving contracted sales of RMB2.45 billion, an increase of 92% from RMB1.28 billion the prior year. With the exception of the more upmarket R&F Edinburgh Apartment, these projects all catered to rigid demand and home upgrading, matching the city's mainstream demand. Aside from R&F Edinburgh Apartment, the other four projects were Taiyuan R&F City and R&F Modern Plaza, continuing from the previous year, and new projects R&F Peach Garden and American Dream Island. Taiyuan R&F City, located on a site with a total GFA of approximately 2.1 million sq.m., is the largest of the Group's projects in northern China and will be developed in seven phases. The project is now in its second phase and the very complete ancillary facilities promised to purchasers have materialized, helping sales stay strong throughout the year. The project recorded RMB1.49 billion of contracted sales in the year, bringing cumulative sales to RMB4.33 billion since its first launch in July 2008. Taiyuan R&F Modern Plaza sold its last unit early in the year, having sold 2,948 units over the project's 2.5 years lifespan. R&F Peach Garden was launched in mid-December 2012 and recorded RMB173 million of contracted sales in just two weeks due to targeted marketing efforts ahead of launch. R&F Edinburgh Apartment, with full-year sales that increased four fold to reach RMB234 million, has established itself as a market leader in the north Taiyuan luxury property market.

Datong was the second city the Group entered in Shanxi Province. The site for the first project in the city, Datong R&F City, was acquired in December 2011, and sales were launched just 11 months later in November 2012. Although this residential project is the Group's first venture into the city, the R&F brand name is well known among potential purchasers in Datong, and 182 units were sold on the first day of sale. Total contracted sales for the year amounted to RMB122 million, representing 231 units sold.

Shenyang will be hosting the 12th National Games in 2013 and the location of the R&F Xianhu project holds tremendous potential, standing as it does alongside the athletes' village. The project's ancillary facilities within the project perimeter have now been completed. Together with its advantages of location, this has made R&F Xianhu project the top pure villa development in its locality. In 2012, 45 villas were sold at an average selling price of RMB10,300 per sq.m.

Harbin is the northernmost city where the Group now operates, after it acquired a site with GFA of approximately 700,000 sq.m. in 2011. The site has since been developed into a mixed residential/commercial project, Harbin Jiangwan New Town. In less than a year, Harbin Jiangwan New Town has become one of the hottest projects in Harbin, attracting much media attention and becoming regarded as "the property project with the most potential for capital appreciation in Harbin". Despite the sales launch of the project being in October, already a low season month for property sales due to the cold weather, approximately RMB600 million in contracted sales was recorded on the first day. Total contracted sales for the year amounted to RMB863 million, or 44,000 sq.m. sold.

LAND BANK

The Group was relatively active in exploring land acquisition opportunities, especially in the second half of the year, while its overall approach continued to remain conservative and balanced. The Group prefers to acquire land with conditions that allow for a short project cycle from acquisition to sales commencement. During the year, the Group added four plots of land to its land bank with a total attributable GFA of 1,532,000 sq.m. One of the plots was at Majuqiao in Beijing, with GFA of 326,000 sq.m. Another piece of land was at Nansha, with GFA of 199,000 sq.m. The Group's total land bank at year-end increased to 28.6 million sq.m. GFA.

Details are given below:

Location	Approximate total GFA (sq.m.)	Approximate saleable area (sq.m.)
Development Properties		
Guangzhou	3,741,000	3,467,000
Huizhou	4,473,000	4,473,000
Hainan	3,099,000	3,016,000
Chongqing	5,199,000	5,199,000
Chengdu	680,000	561,000
Shanghai and vicinity	391,000	391,000
Hangzhou	280,000	280,000
Nanjing	476,000	416,000
Beijing and vicinity	2,670,000	2,507,000
Tianjin	2,527,000	2,072,000
Xian	338,000	338,000
Taiyuan	2,850,000	2,825,000
Datong	392,000	392,000
Harbin	700,000	700,000
Shenyang	90,000	90,000
Investment Properties	710,000	693,000
Total	**28,616,000**	**27,420,000**

INVESTMENT PROPERTIES

Two hotels were added to the Group's investment property portfolio in the year; they were the Hyatt Regency Chongqing Hotel opened in August, and the Renaissance Huizhou Hotel opened in April. Both hotels are operated by reputable hotel management companies with which we already have a successful working relationship, and we expect outstanding performances from these two hotels once their operations mature. With these new additions, the Group owned six hotels at the end of the year. The four existing hotels, the Ritz Carlton and the Grand Hyatt in Guangzhou, and the Renaissance Beijing Capital Hotel and the Holiday Inn Express Temple of Heaven Beijing in Beijing, further improved their performance. Hotel occupancy stayed at a high level with improvements in room rates despite severe competition, especially in Guangzhou. As for the other categories of investment properties, rental office buildings and shopping malls, no new additions were made during the year. The jewel in the crown of the Group's office buildings is the Guangzhou R&F Center. Its excellent location in Pearl River New Town, within Guangzhou's thriving business district, together with its superb building quality and management standards, have helped the Guangzhou R&F Center attract steady and escalating rental income year after year. As for shopping malls, the Viva Beijing R&F Plaza in Beijing has evolved into an elegant and contemporary shopping mall that attracts not only shoppers from the neighbourhood but also those from further afield looking for an enjoyable shopping experience. This successful transformation has been reflected in its operating results. The Group intends to replicate the success of the Viva Beijing R&F Plaza in Tianhui Mall in Chengdu Panda City, which currently has room for further improvements.

Investment properties completed or in the pipeline are as follows:

Investment properties	Location	Description	Approximate total GFA (sq.m.)
Guangzhou			
The Ritz-Carlton, Guangzhou*	Pearl River New Town J2-7	5-star hotel 351 rooms and 91 serviced apartments	104,000
Grand Hyatt Guangzhou*	Pearl River New Town F1-2	5-star hotel 375 rooms	115,000
R&F Center*	Pearl River New Town J1-4	55-storey office building	163,000
Holiday Inn Airport Guangzhou	R&F Jingang City	4-star hotel 350 rooms	38,000
Park Hyatt Guangzhou	Pearl River New Town J1-1	5-star hotel 176 rooms	66,000
Conrad Guangzhou#	Pearl River New Town Liede Village	5-star hotel 350 rooms	39,000
Beijing			
Renaissance Beijing Capital Hotel*	Beijing R&F City	5-star hotel 540 rooms	120,000
R&F Center*	Beijing R&F City	Office building	60,000
Viva Beijing R&F Plaza*	Beijing R&F City	Shopping mall	111,000
Holiday Inn Express Temple of Heaven Beijing*	R&F Xinran Court/Plaza	4-star hotel 321 rooms	22,000
Tianjin			
Marriott Hotel Tianjin	Tianjin R&F City	5-star hotel 400 rooms	58,000
Tianjin R&F City Commercial Complex*	Tianjin R&F City	Shopping mall	43,000
Huizhou			
Renaissance Huizhou Hotel*	Ligang Center	5-star hotel 342 rooms	54,000
Hilton Huizhou Longmen Resort	Longmen R&F Hotspring Villa	5-star hotel 350 rooms	45,000
Chongqing			
Hyatt Regency Chongqing*	Chongqing R&F Ocean Plaza	5-star hotel 321 rooms	46,000
R&F Ocean Plaza (Commercial)*	Chongqing R&F Ocean Plaza	Shopping mall	73,000
Holiday Inn University City Chongqing	Chongqing R&F City	4-star hotel 390 rooms	68,000
Chengdu			
R&F Panda City Tianhui Mall*	Chengdu Panda City	Shopping mall	255,000
Ritz-Carlton Chengdu	Chengdu Panda City	5-star hotel 350 rooms	59,000

Investment properties	Location	Description	Approximate total GFA (sq.m.)
Hainan			
Doubletree Resort by Hilton Haikou – Chengmai	R&F Mangrove Bay	5-star hotel 300 rooms	38,000
Lingshui R&F Bay Shore Maniott & Yacht Club	Hainan R&F Bay Shore	5-star hotel 300 rooms	76,000
R&F Ocean Park	Lingshui County	Hotel, travel & commercial	200,000
Xian			
R&F Holiday Inn Xian	Xian R&F City	4-star hotel 380 rooms	50,000

* Completed
\# Joint Venture Project

OUTLOOK

A new round of regulatory measures was announced in February 2013; at this moment, the likely impact of these is hard to gauge. Despite uncertainties about what may follow, the Group's tested strategies have proved effective in navigating the Group through good and difficult business environments alike, and helping it achieve sustainable healthy growth. For 2013, the Group's overall business plan includes an expectation of more significant growth; its contracted sales target for 2013 is RMB42 billion, approximately 23% more than its 2012 contracted sales and a proposed growth rate higher than in any of the past three years. This contracted sales target is being supported by well-planned marketing, and coordinated efforts to enlarge the GFA under construction to build up a sufficient project pipeline. The target figure will be achieved from sales of 42 projects in 15 cities. Delivery of properties will be 2.84 million sq.m. with details set out below:

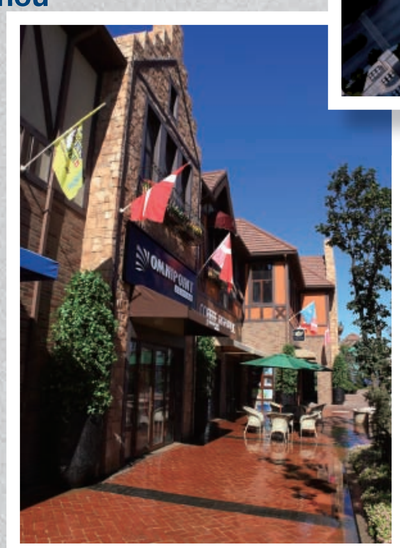
	To be completed in 1st half of 2013		To be completed in 2nd half of 2013	
Location	Approximate total GFA (sq.m.)	Approximate total saleable area (sq.m.)	Approximate total GFA (sq.m.)	Approximate total saleable area (sq.m.)
Guangzhou	216,000	169,000	464,000	360,000
Huizhou	168,000	135,000	34,000	34,000
Hainan	–	–	122,000	120,000
Chongqing	184,000	182,000	267,000	202,000
Chengdu	–	–	125,000	88,000
Beijing and vicinity	116,000	59,000	403,000	361,000
Tianjin	134,000	113,000	325,000	229,000
Taiyuan	87,000	81,000	338,000	262,000
Xian	89,000	81,000	110,000	100,000
Shenyang	–	–	10,000	10,000
Shanghai and vicinity	31,000	31,000	53,000	49,000
Datong	–	–	24,000	23,000
Nanjing	137,000	98,000	64,000	49,000
Total	**1,162,000**	**949,000**	**2,339,000**	**1,887,000**

OUR PROPERTY PORTFOLIO

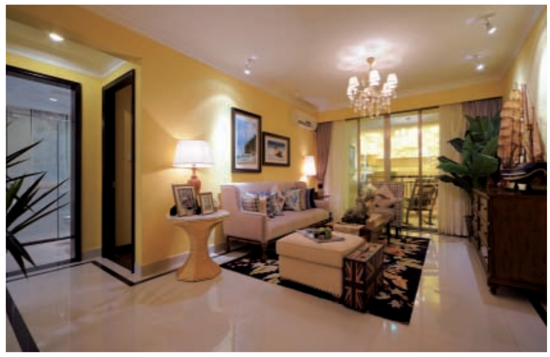
R&F Jingang City, Guangzhou

R&F Spring World, Guangzhou

R&F Yingkai Plaza, Guangzhou



R&F Danish Town, Beijing



R&F Mangrove Bay, Hainan

R&F Yingxi Valley, Hainan

R&F Bay shore, Hainan

Chongqing R&F City

R&F Festival City, Beijing

Datong R&F City

R&F Peach Garden, Shanghai

Jiangwan City, Harbin


Taiyuan R&F City


R&F Prosperous Palace, Taiyuan


Nanjing R&F City


Xian R&F City


Xianhu Project, Shenyang


R&F Bay Shore, Kunshan

INVESTOR RELATIONS 2012

As we were entering the year 2012, there were a number of uncertainties in the global economy and on the Chinese property sector that could affect the Company's financial and operating performances. Investors were questioning short-term growth in the sector. As it turned out, it was more positive than anticipated as the sector witnessed a more robust environment and optimism in our investment community. Our equities and debt securities listed in the offshore capital markets exhibited significant rebound to fair valuations. As always, we maintain a positive outlook heading into 2013, and it is the Company's policy to continue to maintain an open transparency with our investors at all fronts.

In the first quarter of 2012, we closed our onshore trust fund with the Ping An Trust Company. It was a successful transaction in creating a new financing channel for the Company. It was also unique in that we partnered with the Ping An Group to leverage the brand strength of both names and create a new financing platform.

In August, we were amongst the first Chinese developers to re-access the international bond market by tapping our US dollar senior note maturing in 2016 for US$238 million. Demands from our credit investors was overwhelming and the bond continued to show support after the transaction. After the issuance, we were seeing a much bigger need for timely business updates. As a result, we conducted a Hong Kong reverse bond roadshow meeting in October for those who were contemplating to buy on the secondary market. On a regular basis, we met with our credit investors through informal lunch meetings, and formal one-on-one in various investment conferences. With our offshore financing continuing to show support over the past year, we will continually provide accurate and timely information to the public and our investors.

On the domestic front, in October, our domestic bond investors provided a strong vote of confidence in our business by electing to extend their holdings of our RMB5.5 billion onshore bond through 2014 at a 30 bps increase in interest rate. The overwhelming support was a result of our ongoing communication and transparency with our domestic investors after the bond was issued.

As for equities investors, we continue to take up opportunities to maintain bi-lateral communications with the community as we had done since our listing. The Company attended 21 global conferences, post-result analyst meetings, and roadshows. Last year, we also met with our European and American investors in London, San Francisco, New York and Boston. The Company values every opportunity in maintaining open communication with the global investment community, and will look to carry this into 2013.

The Company would like to thank all investors/shareholders who supported our activities, and provided constructive views of their expectations on the Company. We would also like to thank our property analyst peers for their hard work in providing transparency to our industry and the Company. We look forward to another new year of cooperation to provide the best investor relations channel to the community.

Month	Conference/Road Show
January	• BNP China Property Day (Hong Kong) • UBS Greater China Conference (Shanghai) • 10th Annual Deutsche Bank Access China Conference 2012 (Beijing) • Macquarie Asia-Pacific Financials & Property Conference (Hong Kong)
March	• Credit Suisse Asian Investment Conference 2012 • Post-result NDR with Deutsche Bank and UBS (Hong Kong) • Post-result NDR with Bank of America Merrill Lynch (Singapore)
May	• Macquarie Greater China Conference (Hong Kong) • Barclays Capital Select: Pan-Asia Real Estate Conference (Hong Kong) • Morgan Stanley 3rd Annual Hong Kong Investor Summit (Hong Kong)
June	• JP Morgan 8th Annual China Conference (Beijing) • HSBC 3rd Annual Asian Financials Conference (London)
July	• Citi HK/China Conference 2012 (Hong Kong) • Bank of America Merrill Lynch Greater China Property Corporate Day (Hong Kong)
September	• UBS Hong Kong/China Property Conference (Hong Kong)
October	• Standard Chartered Reverse Bond Investor Roadshow (Hong Kong) • Goldman Sachs Greater China CEO Summit 2012 (Hong Kong)
November	• Bank of America Merrill Lynch China Conference 2012 (Beijing) • Daiwa Investment Conference Hong Kong 2012 (Hong Kong) • HSBC 4th Annual Asia Investor Forum (Boston, New York)
December	• Bank of America Merrill Lynch Greater China Property Corporate Day 2012 (Hong Kong)

CORPORATE SOCIAL RESPONSIBILITY

EMPLOYEE DEVELOPMENT

As of 31 December 2012, the Group had a total of approximately 18,302 employees (2011: 16,416).

Building around the goal and direction of “R&F University”, the Group in 2012 had launched a series of employee training programmes, which included the development of an E-learning platform, standardization of orientation course materials and development of, among others, a curriculum system. These programmes focus on the cultivation of professional and general competence of key personnel with particular emphasis on moral education in line with the personnel development philosophy that value integrity above ability. The “Talent Programme” for development of core management personnel, the “Lectures Series on Moral” that aims to raise the virtuous quality of all staff and the “R&F Star” rotation training programme that cultivate future key operation personnel have progressed well in 2012. Looking forward to 2013, training programmes will further be improved under the framework of the “R&F University” with the systemization of internal training programmes and the professionalism the corporate tutor team reaching new height.

COMMUNITY SERVICE

As a responsible corporate citizen, the Group advocates mainstream social values and moral ideals and acts on them at all times; the Group creates values for the society while actively assumes its corporate social responsibilities. Up to 31 December 2012, the Group had made charitable donations in cumulated amount of more than RMB216 million.

As the first strategic cooperative private enterprise in the area of volunteer services in Guangzhou, the Group donated RMB5 million to Guangzhou Young Volunteers Association (廣州市志願者協會) again in 2012, for which Zhang Li, the co-chairman and chief executive officer of the Group, was awarded “Award for Advancing Volunteer Services, Guangzhou” (廣州市志願服務促進獎) by the Guangzhou municipality.

For education, which is a part of community service, the Group has been concerning itself with development of educational work in China. In September 2012, the Group donated RMB1.5 million to Huizhou Dongjiang High School for establishment of “R&F Broaden-Your-Horizon Class”, which aimed to assist 50 junior high school graduates with financial problems in their family or from remote mountainous rural areas who were excellent in both academic and conduct to proceed to better high schools. In October 2012, the Company donated RMB200,000 to Shanghai Adream Charitable Foundation for building better classrooms in rural areas.

Apart from different kinds of charitable donations, the Company has always been exemplary in “respecting and loving the elderly”. Staff of the Company has formed a volunteer service team to serve elderly homes and welfare centres regularly. In July 2012, the team organized a gathering with senior citizens at Cien Tower of the Home for the Aged, Guangzhou. Cien Tower was designed and constructed by the Company and upon completion, donated to the Home as a medical outpatient building and was mainly used for accommodation for senior citizens unable to take care of themselves. The Company also sponsored a host of other activities for the elderly in the year.


Harbin
Shenyang
Beijing
Datong
Tianjin
Taiyuan
Xian
Nanjing
Shanghai
Hangzhou
Chengdu
Chongqing
Guangzhou
Huizhou
Hainan

The Group's net profit for the year increased by 17.1% to RMB5.659 billion, from RMB4.835 billion the previous year. Of the results by the main business segment of the Group, net profit of the core business of property development rose by RMB821 million on a 10.5% increase in turnover from sale of properties and was the primary factor behind the better overall Group results. The four mature hotels of the Group continued to performed well but the expensing of the pre-operating expenditures of the two new hotels opened in the year resulted in the hotel operation recording an operating loss of RMB29.4 million as compared to an operating profit of RMB33.5 million in the prior year. Results from the Group's property investment segment included changes in the fair value of its investment properties. The same investment property portfolio came up with fair value gains for the year amounted to RMB660 million as compared to RMB436 million the previous year, and net profit from the segment increased to RMB743 million from RMB452 million accordingly. However, if the effect of fair value gains is excluded, net profit from the segment increased by RMB123 million, mainly as a result of steady growth in the Group's rental income. The Group's other business segments (including property management services, construction services and the soccer team) recorded a net loss of RMB240 million.

CONSOLIDATED INCOME STATEMENT

2012

	Note	Property development (RMB'000)	Property investment (RMB'000)	Hotel operation (RMB'000)	Other segments (RMB'000)	Group (RMB'000)
Turnover	1	28,057,384	628,327	830,269	849,076	30,365,056
Cost of sales	2	(16,212,852)	(104,682)	(644,960)	(1,024,282)	(17,986,776)
Gross profit	3	11,844,532	523,645	185,309	(175,206)	12,378,280
Other gains-net	4	161,918	659,663	1,159	3,119	825,859
Selling and administrative expenses	5	(1,695,609)	(24,691)	(216,205)	(39,901)	(1,976,406)
Other operating (expenses)/ income		(994)	–	340	654	–
Operating profit/(loss)	7	10,309,847	1,158,617	(29,397)	(211,334)	11,227,733
Finance costs		(1,096,026)	(163,912)	(204,317)	(37,354)	(1,501,609)
Share of results of jointly controlled entities	6	402,974	–	–	–	402,974
Share of results of associates	6	(87,015)	–	–	(318)	(87,333)
Profit/(loss) before income tax		9,529,780	994,705	(233,714)	(249,006)	10,041,765
Income tax expenses	8	(4,198,185)	(252,080)	58,429	9,421	(4,382,415)
Profit/(loss) for the year	9	5,331,595	742,625	(175,285)	(239,585)	5,659,350

2011

	Note	Property development (RMB'000)	Property investment (RMB'000)	Hotel operation (RMB'000)	Other segments (RMB'000)	Group (RMB'000)
Turnover	1	25,390,191	491,044	758,078	730,782	27,370,095
Cost of sales	2	(14,587,816)	(95,964)	(542,982)	(727,482)	(15,954,244)
Gross profit	3	10,802,375	395,080	215,096	3,300	11,415,851
Other gains-net	4	306,448	406,084	4,331	9,009	725,872
Selling and administrative expenses	5	(1,688,541)	(19,720)	(186,118)	(29,879)	(1,924,258)
Other operating (expenses)/ income		(10,825)	–	230	1,398	(9,197)
Operating profit/(loss)		9,409,457	781,444	33,539	(16,172)	10,208,268
Finance costs	7	(766,893)	(180,215)	(180,108)	(11,936)	(1,139,152)
Share of results of jointly controlled entities	6	(19,131)	–	–	–	(19,131)
Share of results of associates	6	116,942	–	–	1,276	118,218
Profit/(loss) before income tax		8,740,375	601,229	(146,569)	(26,832)	9,168,203
Income tax expenses	8	(4,229,421)	(149,300)	36,642	8,692	(4,333,387)
Profit/(loss) for the year	9	4,510,954	451,929	(109,927)	(18,140)	4,834,816

The Group carries out its core business of property development in 12 cities. The following comments, with the exception of #7 (on financing costs) and #9 (on net profits), relate only to the results from sales of properties:

1. Turnover increased by 10.5% to RMB28.06 billion, from RMB25.39 billion in the previous year. This turnover was based on delivery of 2.152 million sq.m. of sale properties in the year, approximately 2.6% less than the 2.209 million sq.m. delivered the previous year reflecting 13% increase in overall average selling price to RMB13,040 per sq.m. from RMB11,500 per sq.m. Overall average selling price reflected both the price levels and the sale mix. Price level was generally higher as seen from the selling price of main continuing projects with comparable selling prices from the previous year; out of 22 such projects, the majority had price increases to various extents. The effect of sale mix was also quite apparent with high-end residential properties, R&F City No.10 in Beijing and R&F Junhu Palace in Guangzhou, and commercial properties in Guangzhou's CBD, R&F Yingsheng Plaza and R&F Yingzun Plaza, forming a significant portion of the total turnover. These four projects here mentioned made up approximately 27% of turnover and had project average selling price ranging from RMB27,840 to RMB43,010 per sq.m. which were well over the overall average. For turnover by city, Guangzhou again was highest followed by Beijing and Tianjin accounting for 26%, 20% and 18% (2011: 28%, 27% and 13%) of total turnover respectively. Guangzhou's turnover increased 3% to RMB7.419 billion (2011: RMB7.213 billion). Six main projects, made up of four residential projects and two commercial projects, contributed 98% of this turnover. Turnover from the residential projects included the first delivery of R&F Tangning Garden of RMB1.341 billion and significant delivery from R&F Junhu Palace of RMB2.178 billion. Together with turnover from R&F Jingang City and R&F Hot Spring Village, turnover from residential projects exceeded that from commercial projects in the year reversing the position in the prior year. The two commercial projects located in Pearl River New Town, R&F Yingsheng Plaza and R&F Yingzun Plaza, together had a turnover amounted to RMB2.384 billion. The average selling price in Guangzhou rose by 20% to RMB18,230 per sq.m. cause partially by the higher price of R&F Yingsheng Plaza at RMB39,120 per sq.m. and that of R&F Junhu Palace's at RMB27,840 per sq.m. Turnover in Beijing decreased to RMB5.654 billion (2011: RMB6.941 billion). R&F Festival City which had been a main project contributing to turnover for several years was nearing completion except for its office building portion and delivery in the year fell significantly to RMB427 million (2011: RMB2.788 billion). Delivery of the high-end residential project R&F City No.10 which generated RMB3.154 billion in turnover boosted turnover in Beijing but not sufficiently to avert a decrease in total for the city. Average selling price, however, increased 30% to RMB20,440 per sq.m. from RMB15,690 per sq.m. mainly as R&F City No.10, accounting for 56% of Beijing's total turnover, carried an average selling price of RMB43,010 per sq.m. Turnover from three projects in Tianjin together produced a record high turnover for the city at RMB4.925 billion. The flagship project, R&F Jinmen Lake, alone delivered a massive 258,500 sq.m. (2011: 57,500 sq.m.) at average selling price of RMB16,090 per sq.m. (2011: RMB14,890 per sq.m.) generating RMB4.159 billion (2011: RMB856 million). Aside from the three cities mentioned above, five other cities had turnover exceeding RMB1 billion viz. Chongqing and Taiyuan which also exceeded RMB1 billion last year and new-comer Xian, Shanghai and Chengdu. Shanghai's turnover substantially increased from previous year to RMB2.458 billion and ranked 4th among all cities. The turnover came from the same two continuing projects, R&F Peach Garden and R&F Bay Shore, but saleable area delivered increased approximately 268% to 201,400 sq.m. Turnover from Chongqing and Xian were derived from one flagship project, R&F City in the respective city, both generating turnover in the RMB1.4 billion range. For Taiyuan and Chengdu each with delivery of properties in two projects, turnover approximating RMB1.7 billion in each city.

The following table gives the breakdown of saleable area, turnover, and percentage attributable to the Group for the sale of properties during the year:

Project	Approximate saleable area sold (sq.m.)	Amount of turnover (RMB'000)	Percentage attributable to the Group (%)
Guangzhou			
R&F Junhu Palace	78,228	2,177,613	100%
R&F International Apartment	47,829	1,870,852	100%
R&F Tangning Garden	70,582	1,341,420	100%
R&F Jingang City	111,300	767,793	100%
R&F Spring world	74,528	595,140	100%
R&F Yinzun Palace	18,401	513,201	100%
R&F Golden Jubilee Garden	3,766	84,739	100%
Others	2,330	68,670	100%
	406,964	**7,419,428**	
Beijing			
R&F City No.10	73,318	3,153,537	100%
R&F Danish Town	118,840	1,361,644	100%
R&F Festival City	42,743	427,371	100%
R&F Golden Jubilee Garden	19,513	363,199	100%
R&F Xinran Court	8,932	212,437	100%
R&F Bay Shore	5,207	74,234	100%
Beijing R&F City	7,003	55,698	100%
R&F Peach Garden	1,065	5,536	100%
	276,621	**5,653,656**	
Tianjin			
R&F Jinmen Lake	258,470	4,159,019	100%
Tianjin R&F City	22,155	474,086	100%
R&F Peach Garden	37,230	291,271	100%
R&F Bay Shore	89	900	100%
	317,944	**4,925,276**	
Chongqing			
Chongqing R&F City	243,132	1,366,570	100%
R&F Modern Plaza	4,158	27,092	100%
R&F Ocean Plaza	113	1,308	100%
	247,403	**1,394,970**	
Xian			
Xian R&F City	184,426	1,411,442	100%
	184,426	**1,411,442**	
Huizhou			
R&F Ligang Center	27,564	213,438	100%
R&F Longquan Project	9,831	96,112	100%
R&F Huibo City Phase I	16,083	77,563	100%
	53,478	**387,113**	

Project	Approximate saleable area sold (sq.m.)	Amount of turnover (RMB'000)	Percentage attributable to the Group (%)
Hainan			
R&F Bay Shore	12,837	305,903	100%
R&F Yingxi Valley	17,466	176,858	100%
R&F Mangrove Bay	17,111	166,881	100%
	47,414	**649,642**	
Shanghai			
R&F Peach Garden	139,242	1,695,567	100%
R&F Bay Shore	62,161	762,851	100%
	201,403	**2,458,418**	
Taiyuan			
Taiyuan R&F City	158,679	1,076,845	100%
R&F Modern Plaza	90,930	654,089	100%
	249,609	**1,730,934**	
Chengdu			
R&F Tianhui Mall Phase II	72,186	1,375,519	65%
R&F Peach Garden	63,511	326,430	100%
	135,697	**1,701,949**	
Nanjing			
Nanjing R&F City	31,150	324,556	100%
	31,150	**324,556**	
Total	**2,152,109**	**28,057,384**	

2. Cost of goods sold despite variation in the sale mix, each of its four main components: land cost, construction costs, business tax and capitalized interest, as a proportion of the total cost of goods sold, had remained reasonably stable from year to year. In the year under review, land and construction costs accounted for 86% (2011: 85%), business tax 11% (2011: 10%) and capitalized interest 3% (2011: 5%). In terms of amount, overall per sq. m. costs of land and construction for the year amounted to RMB6,480, increased approximately 15% from the RMB5,620 of the previous year. A part of this increase can be attributed to the higher costs of certain projects including: 1) RMB19,560 per sq.m. for R&F No. 10 project which was a luxury residential development and located in the Beijing's city center; 2) RMB11,130 per sq.m. for commercial projects R&F Yingsheng Plaza and R&F Yingzun Plaza in CBD of Guangzhou and 3) RMB11,640 per sq.m. for R&F Junhu Palace in Guangzhou. Other than the aforementioned projects, land and construction costs in the year ranged from highs of RMB9,360 per sq.m. to lows of RMB3,480 per sq.m. Capitalized interest included in the cost of sales and also as a percentage of turnover from sale of properties further decreased to RMB558 million and 2.0% from 2011's RMB688 million and 2.7% respectively as a result of the trend of capitalizing proportionally fewer financing costs to inventory in the last couple of years. The cost of goods sold also included RMB1.713 billion (2011: RMB1.480 billion) in business tax.

3. Overall gross margin for the year at 42.2% was stable relative to the previous year. Gross margin of different project varies and the overall gross margin was determined by the mix of projects which sales was recognized in the year. For the projects ongoing from last year, those improved their gross margin well exceeded those with gross margin decrease in term of turnover. The projects in the first category included commercial project R&F Yingsheng Plaza in Guangzhou Pearl River New Town, R&F City in Chongqing and Xian and Shanghai's R&F Peach Garden, all with turnover over RMB1 billion in the year. R&F Yingsheng Plaza in particular significantly improved its gross margin to over 60%, highest

among all projects, and with a turnover of RMB1.87 billion, had much impact on the overall gross margin. As to the second category of projects with decrease in gross margin, their turnover was relatively minor and hence effect on overall gross margin and including mainly the projects in Hainan and Taiyuan projects. Beijing's R&F Festival City also saw slight decrease in gross margin to approximately 52% from 60%; with turnover of the project significantly reduced to RMB427 million from RMB2.788 billion, its decreased gross margin impact less on overall gross margin than the effect of reduced turnover with above average gross margin. However, any negative effect would have been offset by the higher than average gross margin of projects newly delivered in the year such as R&F Tangning Garden in Guangzhou and R&F Center in Chengdu.

4. Other gains mainly arose from interest income.

5. Selling and administrative expenses as a percentage of turnover decreased to 6.0% from 6.7% in the previous year due to selling and administration expenses for the year of RMB1.696 billion stayed practically at last year's level of RMB1.689 billion while turnover increased 10.5%. Broken down into its two components, selling expenses decreased by RMB16.2 million to RMB404 million and administrative expenses increased by RMB23.2 million to RMB1.292 billion. The effectiveness of the Group's cost controlling effort were reflected in these numbers which were achieved through efficient use of resources without compromising on investment in key competitive factors such as manpower and advertising.

6. The share of result of associated companies was mainly derived from the Group's 20% share in the Guangzhou Asian Games City project. The share of result of jointly controlled entities was mainly derived from the Group's 33.34% interest in the Guangzhou Liedecun project and 25% in Tianjin Jinnan project. These three projects had a combined turnover of RMB5.5 billion in the year.

7. Finance costs increased by 32% to RMB1.502 billion (2011: RMB1.139 billion). As these costs include interest expenses incurred in the year after deduction of amounts capitalized to development costs, finance costs were affected by the total amount of debt, the interest rate, and the amount of interest being capitalized. With outstanding loans of approximately RMB35.6 billion (2011: RMB28.4 billion) and an average interest rate of 8.1%, total interest expenses for the year amounted to RMB2.772 billion. This was 45% more than the interest expenses for 2011, mainly as a result of higher average debts and interest rate. Although interest capitalized increased by RMB500 million, finance costs increased as a result. Capitalized interest released to cost of goods sold amounted to RMB558 million, as compared to RMB688 million for the previous year. Aggregate interest costs included in this year's results amounted to RMB2.060 billion (2011: RMB1.827 billion).

8. Land appreciation tax (LAT) of RMB2.136 billion (2011: RMB2.430 billion) and Enterprise Income Tax of RMB2.062 billion brought the Group's total income tax expenses for the year to RMB4.198 billion. As a percentage of turnover, LAT decreased to 7.6% from 9.6% in 2011. This decrease was due to the fact that gross profit margins of project in the year were more even such that there were few projects with especially high gross margin and attracted LAT at high tax rate. The effective enterprise income tax rate stood at 27.9% (2011: 28.5%), deviating from the standard rate by 2.9% because of permanent differences limiting the tax deductible amount.

9. Overall the Group's net profit margin for the year was 18.6%, as compared to 17.7% in the previous year. If fair value gains from investment properties are excluded, this year's net profit margin would be 17.0%, 0.5% higher than the 16.5% of 2011. The main reason for this increase was reduced LAT as a percentage of turnover and contribution from jointly controlled entities.

CONSOLIDATED BALANCE SHEET

	Note	**2012 (RMB'000)**	2011 (RMB'000)	Changes (%)
ASSETS				
Non-current assets				
Land use rights	1	**850,398**	680,069	25%
Property, plant and equipment	2	**5,489,200**	4,124,919	33%
Investment properties	3	**13,347,220**	12,687,557	5%
Intangible assets	4	**897,797**	848,088	6%
Interests in jointly controlled entities	5	**3,795,093**	3,355,575	13%
Interests in associates	6	**179,843**	264,586	-32%
Deferred income tax assets	7	**2,696,531**	2,402,822	12%
Available-for-sale financial assets	8	**224,000**	177,100	26%
Trade and other receivables and prepayments	9	**1,624,219**	2,209,693	-27%
Current assets				
Properties under development	10	**39,427,395**	33,087,780	19%
Completed properties held for sale	11	**7,964,288**	6,035,545	32%
Inventories		**305,812**	271,858	12%
Trade and other receivables and prepayments	9	**7,609,054**	7,581,432	0%
Tax prepayments		**1,314,646**	1,405,997	-7%
Restricted cash	12	**5,835,622**	2,899,620	101%
Time deposits	12	**–**	1,300,000	-100%
Cash	12	**7,026,092**	4,826,243	46%
LIABILITIES				
Non-current liabilities				
Long-term borrowings	13	**28,419,956**	18,285,250	55%
Deferred income tax liabilities		**2,780,705**	2,364,187	18%
Current liabilities				
Accruals and other payables	14	**12,679,479**	10,124,938	25%
Deposits received on sale of properties	15	**13,165,205**	14,054,998	-6%
Current income tax liabilities	16	**7,499,685**	6,503,780	15%
Short-term borrowings	13	**1,432,052**	352,033	307%
Current portion of long-term borrowings	13	**5,780,254**	9,741,324	-41%
SHAREHOLDERS' EQUITY		**26,829,874**	22,732,374	18%
Non-controlling interests		**363,919**	206,548	76%

1. This related to self-use assets and hotels. Increase represented mainly the new additions of the land cost of self-use assets and hotel in Guangzhou.

2. The increase being the additional costs in the year of which main items were 1) the further construction costs of self-use assets in Guangzhou and 2) the further construction costs of four hotels in Chongqing, Huizhou, Chengdu and Guangzhou.

3. The increase represented mainly the fair value gain of four existing properties in Guangzhou, Beijing, Chongqing and Chengdu.

4. The increase was mainly related to the acquisition of football team members.

5. Increase mainly being the Group's share of profits of the joint venture projects at Liede Village Guangzhou and Yangpu, Shanghai.

6. Decrease mainly being the Group's share of loss of the Asian Game City joint venture for the year.

7. Increase mainly due to the increase in accrued LAT cannot be deductible for income tax.

8. The change was increase in the fair value of 4.88% interest in Guangzhou Securities Co., Ltd.

9. Trade receivables maintained at a controllable level of less than 10% of the contract sales for the year and there were no material overdue debts under efficient credit control.

10. The increase was mainly coming from three new projects in Harbin and Beijing and one ongoing project in Taiyuan; there were 39 projects and 7.356 million sq.m. GFA under development at 31 December 2012 as compare to 39 projects and 6.859 million sq.m. GFA for last year.

11. The increase was mainly coming from the completion of various projects in Chengdu, Nanjing, Tianjin and Shanghai. Balance represented approximately 1,234,000 sq.m. GFA. In terms of value, Guangzhou, Chengdu & Beijing accounted for over 50% of the total.

12. Cash on hand maintained at a level adequate for the Group's operation and further development.

13. Refer to "Financial resources, liquidity and liabilities".

14. Construction payables representing approximately 56% of the total and increased by RMB1,020 million.

15. Decrease due to difference in the rate of delivery of completed properties and the rate of cash received from sale of properties during the year.

16. The increase in income tax liabilities was due to the increase in accrued LAT.

CASH FLOW

	Note	**2012 (RMB'000)**	2011 (RMB'000)
Net cash (used in)/generated from operating activities	1	**(2,464,109)**	528,946
Net cash generated from/(used in) investing activities	2	**817,412**	(1,106,673)
Net cash generated from/(used in) financing activities	3	**3,846,546**	(249,746)
Net increase/(decrease) in cash		**2,199,849**	(827,473)
Cash at 1 January		**4,826,243**	5,653,716
Cash at 31 December		**7,026,092**	4,826,243

1. Contracted sales generated RMB26.8billion in pre-sale proceeds while the cash used in construction increased significantly.

2. Mainly the cash repayment from the project in Leide Village, Guangzhou.

3. Mainly being net proceeds from borrowings increased significantly while dividends (2011 final and 2012 interim) paid in the year of RMB1.659billion slightly dropped.

FINANCIAL RESOURCES, LIQUIDITY AND LIABILITIES

At 31 December 2012, the Group's cash amounted to RMB12.86 billion and with a total borrowing at RMB35.63 billion which included 1) RMB5.5 billion domestic bonds issued in October 2009, 2) offshore RMB2.612 billion 7.00% senior notes due 2014 issued in April 2011 and 3) offshore USD388 million 10.875% senior notes due 2016 issued in April 2011 and August 2012. Net debt to equity ratio was stable at 86% as previous year. The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB23.2 billion (2011: RMB20.6 billion) was unutilised. Such credit facilities indicate that the banks are prepared to lend to the Group up to the limit of the facilities when certain conditions are met such as the production of suitable projects and specified documents e.g. construction permits.

DEBT PROFILE

	Total	Due within 1 year	2 years	3–5 years	Over 5 years	Interest	
	(RMB million)						
Long-term bank loans	17,888	4,742	3,347	6,031	3,768	Floating	RMB11,853M secured
Corporate bonds	5,498	–	5,498	–	–	Fixed	
Senior notes	4,948	–	2,589	2,359	–	Fixed	
Other borrowings	5,778	1,098	4,600	80	–	Floating	RMB5,680M secured
Finance lease liabilities	186	38	42	106	–	Floating	RMB186M secured
Short-term bank loans	1,334	1,334	–	–	–	Floating	RMB1,184M secured
	35,632	7,212	16,076	8,576	3,768		

The maturity profile of the Group's total borrowings was well balanced between short, medium and long term debt. Debts due within 1 year accounted for 20% of total debts. This dropped significantly when compare to 36% of the previous year because the entire amount of a RMB5.5 billion domestic corporate bond which carries a put option exercisable by the bond holders in October 2012 was extended for a further two years. Bank loans repaid in the year amounted to RMB7.31 billion while new bank loans of RMB8.10 billion was procured at interest rates ranging from 5.58% to 8.20%. The effective interest rate of the total bank loan portfolio at 31 December 2012 was 6.45% (2011: 5.97%). Exchange rate exposure was minimal as non-RMB borrowings accounted to only approximately 7.1% of total borrowings. As for interest rate, RMB bank loans were at normally stable floating interest rates benchmarked to rates published by the People's Bank of China. The fixed rate offshore and onshore bonds further reduced interest rate exposure and therefore no interest rate hedging arrangements had been put in place.

Charge on assets

As at 31 December 2012, assets with total carrying values of RMB21.21 billion were pledged to secure bank loans and other borrowings amounting to RMB18.72 billion (at 31 December 2011: RMB9.72 billion).

Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability counter-guarantees for certain borrowings granted to the Group's jointly controlled entities and an associate for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificates for the properties concerned. As at 31December 2012, such guarantees totaled RMB15.93 billion, decreased by 4% from RMB16.51 billion as at 31December 2011.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisition or disposal of subsidiaries or associated companies in the year.

The Company is committed to good corporate governance practices, believing that they enhance shareholder value. The practices adopted by the Company place a focus on maintaining a high-quality board, effective internal controls, a high level of transparency, and full accountability to shareholders. Throughout the year the Company complied with PRC Company Laws, the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and all other relevant laws and regulations.

THE BOARD

The board of directors (the "Board") is charged with providing overall leadership for and effective control over the Company in a way that maximizes financial performance and shareholder value. The Board formulates business policies and strategies for the Group, including dividend policy and risk management strategies. It is also responsible for implementing internal controls and monitoring their effectiveness. The day-to-day execution of the Board's policies and strategies is delegated to the Company's executive directors and management.

At 31 December 2012 the Board consisted of nine directors. This number was made up of four executive directors: Mr. Li Sze Lim, Chairman, Mr. Zhang Li, Co-chairman and Chief Executive Officer, Mr. Zhou Yaonan, and Mr. Lu Jing; two non-executive directors, Ms. Zhang Lin and Ms. Li Helen; and three independent non-executive directors, Mr. Dai Feng, Mr. Huang Kaiwen and Mr. Lai Ming, Joseph. Biographical details of the directors and their relationships, if any, are set out on pages 53 to 56 of this annual report.

All directors, including non-executive directors and independent non-executive directors, have devoted a reasonable amount of time and effort to the business affairs of the Company. All non-executive and independent non-executive directors possess appropriate academic and professional qualifications and related management experience, and have contributed advice to the Board. The Board believes that the ratio of executive directors to non-executive directors is reasonable, and provides checks and balances that are sufficient to safeguard the interests of shareholders and of the Group. The Board also believes that the independent judgments offered by non-executive directors and independent non-executive directors on issues relating to strategy, performance, conflicts of interest and management processes are valuable for protecting the interests of the Company's shareholders.

All directors of the Company have access to timely information about the Group's business and are able to make further enquires whenever necessary. They also have unrestricted access to the advice and services of the company secretary, who is responsible for providing directors with board papers and related materials. The Board has also agreed that any director may seek independent professional advice on issues related to the Group's business at the Company's expense.

Chairman and Chief Executive Officer

The Chairman, Mr. Li Sze Lim, provides leadership and oversees the Board's workings. He ensures that all directors are properly briefed on issues arising at Board meetings, and receive comprehensive, relevant and reliable information in a timely manner. He is also responsible for the Board's effectiveness by ensuring that all key issues are discussed within the Board, and that the Board adopts good corporate governance practices.

Mr. Zhang Li, the Co-chairman, is the Chief Executive Officer of the Company. He is responsible for the execution of all business policies, strategies, objectives and plans adopted by the Board. The role of the Chief Executive Officer is separate from that of the Chairman.

Independent Non-executive Directors

Pursuant to the requirement of Rule 3.13 of the Listing Rules, the Company has appointed three independent non-executive directors, one of whom has appropriate professional qualifications in accounting and financial management. All independent non-executive directors have confirmed their independence and the Company consider each of them to be independent. On 31 December 2012, the Nomination Committee of the Board has conducted an annual review of the independence of all Independent Non-executive Directors of the Company. According to the independence criteria as set out in Rule 3.13 of the Listing Rules, the Nomination Committee concluded that all the Independent Non-executive Directors satisfied the Listing Rules requirement of independence.

The Company has maintained on its website and that of The Stock Exchange of Hong Kong Limited the list of its directors identifying their roles and functions.

BOARD MEETINGS

The Board held four meetings during the year under review, and the attendance records of the directors are set out below:

Directors	Meetings attended/Total
Executive Directors	
Li Sze Lim	4/4
Zhang Li	2/4
Zhou Yaonan	3/4
Lu Jing	3/4
Non-executive Directors	
Zhang Lin	4/4
Li Helen	3/4
Independent Non-executive Directors	
Huang Kaiwen	3/4
Dai Feng	4/4
Lai Ming Joseph	4/4

During these meetings, the directors discussed matters relating to business policies and strategies, corporate governance, and financial and internal control systems. They reviewed the interim and final business results and other relevant matters. All directors are urged to participate in these Board meetings in person, but those who are unable to attend in person can also participate via electronic means. According to the articles of association of the Company ("Articles of Association"), directors participating by electronic means are deemed to have physically attended the board meeting.

According to the Articles of Association, notice for Board meetings are given to all directors at least 10 days prior to the date of a meeting. All directors are given the opportunity to include any matter they would like discussed in the agenda.

The company secretary assists the Chairman in preparing the agenda for the Board and Board Committees' meeting, to ensures that all applicable rules and regulations are followed. He also prepares detailed minutes of each meeting. After the meeting, the draft minutes are circulated to all or related directors for comment as soon as practicable. All Board members are given a copy of the final approved minutes.

Should a matter being considered involve a potential conflict of interest for a director, the director concerned will abstain from voting. Independent non-executive directors with no conflicts of interest will be present at meetings dealing with such issues.

BOARD COMMITTEES

The Company currently maintains three board committees with defined terms of reference which are posted on the websites of the Company and the Stock Exchange. The Board's committees adopt the practices used in the general Board meetings.

Audit Committee

The audit committee was established with terms of reference in accordance with Appendix 14 to the Listing Rules. The committee reports to the Board and has held regular meetings to review and make recommendations for improving the Group's financial reporting processes and its internal controls. The committee is made up of three members: a non-executive director, Ms. Li Helen, and two independent non-executive directors, Mr. Dai Feng and Mr. Lai Ming, Joseph. The chairman of the committee is Mr. Lai Ming, Joseph, who has professional accounting qualifications and expertise in financial management.

The Board is responsible for presenting a clear and balanced assessment of the Group's performance, results and prospects. It is also responsible for preparing financial statements of accounts that give a true and fair view of the Company's finances. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control and financial reporting matters of the Group. It is also tasked with coordinating with external auditors in respect of the annual audit on matters such as the scope of the audit and any issues arising from it; make recommendations to the Board on appointing or removing external auditors; and consider their remuneration and terms of engagement.

The audit committee held two meetings during the year. Following Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the audit committee regarding the selection and appointment of external auditors. The audit committee has reviewed the annual results for the year ended 31 December 2012 and discussed with the management and the Company's auditors the accounting policies and practices adopted, internal control and financial reporting matters of the year.

The attendance records of individual committee members are set out as below:

Committee members	Meetings attended/Total
Lai Ming Joseph	2/2
Dai Feng	2/2
Li Helen	2/2

Remuneration Committee

The remuneration committee was established with written terms of reference. The committee comprises three directors: Mr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Dai Feng and Mr. Huang Kaiwen. Mr. Dai Feng is chairman of the committee.

The remuneration committee is responsible for formulating and recommending to the Board policy on remuneration-related matters including, among others, bonus structures and provident funds. The Company's remuneration policy is designed to ensure that the remuneration offered to employees, including executive directors and senior management, is based on factors such as levels of skill, knowledge, responsibility and involvement in the Company's affairs. The committee determines the remuneration packages of executive directors and members of senior management. The remuneration of executive directors is linked to the Company's business performance and profitability in the context of current market conditions. Individual directors and senior management are not involved in determining their own levels of remuneration.

During the year the remuneration committee held one meeting, in which it reviewed the Company's remuneration policies, its terms of service contracts, and the performance of executive directors and senior managers. It reported that the compensation payable to each director and senior manager was in accordance with contractual terms, and that such compensation was fair and not excessive.

The attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Dai Feng	1/1
Li Sze Lim	1/1
Huang Kaiwen	1/1

Details of emoluments paid to the directors for the year are set out in the notes to the financial statement on page 137.

Nomination Committee

The nomination committee has been established on 20 March 2012 with written terms of reference. The committee comprised three directors: Mr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Dai Feng and Mr. Lai Ming, Joseph. Mr. Li Sze Lim is chairman of the committee.

The nomination committee is responsible for the formulation of nomination policy for the consideration of the Board and implements the policy approved by the Board. Specific responsibilities include, among others, review the structure, size and composition of the Board, identify and nominate candidates to fill causal vacancies of directors, review the time required from directors to perform their duties and make recommendation to the Board in respect of succession planning. The full terms of reference of the nomination committee are available on the Company's website and the Stock Exchange.

During the year the nomination committee held one meeting, the attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Li Sze Lim	1/1
Dai Feng	1/1
Lai Ming Joseph	1/1

During the year under review, the nomination committee had reviewed the structure, size and composition of the Board of Directors of the Company and considered the retirement and re-appointment of the Directors in the Company's forthcoming annual general meeting.

CORPORATE GOVERNANCE FUNCTIONS

In the year, the board had:

(a) developed and reviewed the Company's policies and practices on corporate governance;
(b) reviewed and monitored the training and continuous professional development of directors and senior management;
(c) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
(d) reviewed and monitored the code of conduct applicable to employees and directors; and
(e) reviewed the Company's compliance with the code and disclosure in the Corporate Governance Report.

DIRECTORS' TRAINING

The Company would provide a comprehensive induction package to each newly appointed director to ensure that he/she has a proper understanding of the Group's operations and is sufficiently aware of his/her responsibilities and obligations under the relevant statues, laws, rules and regulations.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company Secretary provides the Directors with updates on latest changes and development in the Listing Rules, corporate governance practices and others relevant legal and regulatory requirements from time to time.

During the year, directors are provided with updates on the Company's performance and in-house training had been arranged. A summary of training of Directors is as follow:

Name of Directors	Type of Continuous Professional Development: Training on corporate governance, regulatory development and other relevant topics	Type of Continuous Professional Development: Attending corporate events or visits
Executive Directors		
Li Sze Lim	√	√
Zhang Li	√	√
Zhou Yaonan	√	√
Lu Jing	√	√
Non-executive Directors		
Zhang Lin	√	√
Li Helen	√	√
Independent Non-executive Directors		
Huang Kaiwen	√	√
Dai Feng	√	√
Lai Ming Joseph	√	√

SUPERVISORY COMMITTEE

The supervisory committee of the Company consists of three members, including two supervisors who represent shareholders, Mr. Zheng Ercheng and Ms. Liang Yingmei, and one who represents employees, Mr. Chen Liangnuan. The supervisors effectively performed their supervisory duties relating to the Company's operations.

RE-ELECTION OF SUPERVISORS AND DIRECTORS

All directors have entered into a service contract with the Company for a specific term of three years. All are subject once every three years to retirement from office by rotation and re-election at the annual general meeting, in accordance with the Articles of Association.

The non-executive directors, Ms. Zhang Lin and two supervisors, namely Ms. Liang Yingmei and Mr. Zheng Ercheng, will retire and offer themselves for re-election at the forthcoming 2012 annual general meeting.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code"), laid out in Appendix 10 to the Listing Rules, as the code of conduct for directors in any dealings in the Company's securities. The Company has made specific enquiries of each director, each of whom has confirmed their compliance with the Model Code during the financial year ended 31 December 2012.

AUDITOR'S REMUNERATION

PricewaterhouseCoopers is the Company's external auditor. During the year the firm was not been engaged to perform any other work that could have conflicted with its role as auditor of the Company or otherwise compromised its independence.

The audit committee has recommended to the Board, and the Board has accordingly agreed, to propose the reappointment of PricewaterhouseCoopers as the external auditors of the Group until the date of the next annual general meeting, pending approval by shareholders at the forthcoming 2012 annual general meeting. During the year, the total remuneration paid in respect of audit services and non-audit services was RMB5.3 million and RMB0.8 million respectively.

INTERNAL CONTROLS

The Board is responsible for maintaining a system of effective internal controls to protect the Group's assets and its shareholders' interests. The Company's internal controls are embedded within its various operational departments. The Group's system of internal controls includes a well-established corporate structure and an organization with clearly defined lines of responsibility and authority, which are set out in writing in an operation manual where appropriate. Each department is responsible for its daily operations, and is required to implement and monitor the strategies and policies adopted by the Board. Each department has a responsibility to effectively use Company resources so as to avoid misappropriation or damage to assets, and to prevent errors and fraud. The Board has set up a Monitoring Department to assist it to closely monitor the implementation of the Company's internal controls and risk management systems on an on-going basis and assessing their effectiveness.

The Board also takes an active role overseeing the Group's enterprise resources planning ("ERP") system under continuous development which effect comprehensive operational control over key resources such as capital, land as well as essential functions including project progress control, costing, sales and finance. The ERP will enhance the overall control environment of the Group.

The Monitoring Department has not identified any material errors, frauds or non-compliance of the Group's policies and procedures based on its work during the year. The Board believes that the existing system of internal controls is adequate.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. For the year under review, the Company Secretary has confirmed that he has undertaken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

The proceedings of the annual general meeting are reviewed periodically to ensure that shareholders' rights are maintained. Notice of the annual general meeting, setting out details of each proposed resolution, voting procedures and other relevant information, is sent to all shareholders at least 45 days prior to the date of the meeting.

Vote of shareholders at general meeting will be taken by poll in accordance with the Listing Rules, unless otherwise required and permitted. Detailed procedures for conducting a poll will be explained to the shareholders at the inception of general meeting to ensure that shareholders are familiar with such voting procedures. Separate resolution will be proposed by the chairman of general meeting in respect of each substantial issue. The poll results will be posted on the websites of the Company and the Stock Exchange on the same business day of the general meeting.

Pursuant to the Articles of the Company, a special general meeting and class meeting can be convened on the requisition of any two or more members holding in aggregate ten percent or more of such of the paid up capital of the Company carrying the right of voting at such meeting of the Company. Such requisition must be in writing and the Board will follow up to convene such meeting within 30 days.

INVESTOR RELATIONS

The Company aims to maintain amicable relationships with its shareholders and investors, and to enhance the transparency of its business operations. It disseminates information about its business operations to investors and shareholders in a timely manner using a variety of channels and methods. In addition to publishing interim and annual reports, the Company occasionally meets with analysts and holds press conferences. Enquiries and suggestions from shareholders, investors, media and the general public are followed up by executive directors or appropriate management staff. The corporate website is another channel through which the Company provides up-to-date information.

The Company takes every precaution in its handling of price-sensitive information. During the period as prescribed by the Listing Rules before its financial results are released, the Company's directors and senior management staff are prohibited from dealing in the Company's shares. Interviews with financial analysts and media are restricted.

The annual general meeting also serves as an important channel of communication between directors and shareholders. The chairman personally chairs the annual general meeting to ensure shareholders' views are communicated to the Board. During the annual general meeting, the chairman of the Board and its committees are present to answer any queries from shareholders. External auditors are also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

There was no change to the Company's constitutional documents during the year.

REPORT OF THE DIRECTORS

The directors are pleased to submit their report, together with the audited financial statements of the Group, for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Group's principal activity is the development of quality residential and commercial properties for sale in China, and its target customers are members of China's large and growing middle class. The Group also develops hotels, office buildings and shopping malls in Beijing, Guangzhou and other cities, which are held as investment properties.

An analysis of the Group's turnover and total assets during the financial year, by business segment, is set out in note 5 to the financial statements.

PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

A list of principal subsidiaries, associated companies and jointly controlled entities, together with their places of operation and incorporation, their issued capital and registered capital, is set out in notes 10, 11 and 12 to the financial statements.

RESULTS

The profit of the Group for the year ended 31 December 2012 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 59 to 149 of this annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 151 of this annual report. The summary of results is for comparative purposes only, and does not form an integral part of the audited financial statements.

INTERIM DIVIDEND

The Board declared an interim dividend for the six months ended 30 June 2012 of RMB0.1 per share, or a Hong Kong dollar equivalent of HK$0.122256 per share.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has proposed a final dividend for 2012 at RMB0.5 per share. The proposed final dividend, if approved by the shareholders at the AGM on 29 May 2013, will be paid to shareholders (including domestic shares and H shares), whose names appear on the register of members on 14 June 2013. The proposed final dividend has not been reflected in the financial statements as at 31 December 2012.

According to the Articles of Association of the Company, dividend payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company's domestic shares shall be paid in RMB, whereas dividends payable to holders of the Company's H shares shall be in Hong Kong Dollars. The exchange rate to be adopted shall be the average closing rate of the five business days preceding the date of declaration of dividend as announced by the People's Bank of China. Dividends on H Shares are also subject to withholding of PRC Enterprise Income Tax.

For the purpose of determining shareholders who are entitled to attend and vote at the AGM to be held on Wednesday, 29 May 2013, the register of members of the Company will be closed from Monday, 29 April 2013 to Wednesday, 29 May 2013, both days inclusive. In order for the shareholders to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 26 April 2013.

Upon obtaining approval of the shareholders at the AGM, the final dividends will be payable to shareholders whose names appear on the H Share register of members of the Company as at the close of business on Friday, 14 June 2013. The payment date of the final dividend will be further announced. The H Share register of members of the Company will be closed from Friday, 7 June 2013 to Friday, 14 June 2013, both days inclusive, during which period no transfer of H shares will be registered. In order for H shareholders to qualify for the proposed final dividends, all the share transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 6 June 2013.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries nor its jointly controlled entity purchased, redeemed or sold any of the Company's listed securities.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 30% of the Group's total purchase. The percentage of turnover attributable to the Group's five largest customers combined was less than 30% of the Group's total turnover.

DONATIONS

During the year, the total amount of charitable donations made by the Group was approximately RMB33.02 million (2011: RMB15.12 million).

PROPERTY, PLANT AND EQUIPMENT

The detailed changes in property, plant and equipment of the Group for the year are set out in note 7 to the financial statements.

BANK BORROWINGS

Particulars of the bank borrowings of the Group as at 31 December 2012 are set out in note 26 to the financial statements.

CAPITALIZED BORROWING COSTS

Borrowing costs capitalized by the Group during the year amounted to approximately RMB1,270 million (2011: approximately RMB770 million).

MAJOR PROPERTIES

Major properties of the Group as at 31 December 2012 are set out on pages 152 to 158 of this annual report.

SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Company during the year up to 31 December 2012 are set out in note 23 to the financial statements.

DISTRIBUTABLE RESERVES

In accordance with the Articles of Association, distribution of dividends should be made out of distributable reserves, this being the lower amount either as determined under China Accounting Standard for Business Enterprises ("CAS") or as determined under the Hong Kong Financial Reporting Standards ("HKFRS"). As at 31 December 2012, the Company's distributable reserves were approximately RMB2.481 billion, being the smaller of the distributable reserves as determined under CAS and HKFRS.

CAPITAL

Details of movements in the share capital of the Company during the year up to 31 December 2012 are set out in the statement of changes in equity on page 63 of this annual report.

DIRECTORS AND SUPERVISORS

The directors of the Company during the year were:

Executive Directors
Mr. Li Sze Lim
Mr. Zhang Li
Mr. Zhou Yaonan
Mr. Lu Jing

Non-executive Directors
Ms. Zhang Lin
Ms. Li Helen

Independent Non-executive Directors
Mr. Huang Kaiwen
Mr. Dai Feng
Mr. Lai Ming Joseph

Supervisors
Mr. Chen Liangnuan
Ms. Liang Yingmei
Mr. Zheng Ercheng

In accordance with Article 92 of the Articles of Association, the non-executive directors, Ms. Zhang Lin and two supervisors, namely Ms. Liang Yingmei and Mr. Zheng Ercheng, retire by rotation in the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

DIRECTORS AND SUPERVISORS' SERVICE CONTRACTS

Each of the directors and supervisors of the Company has entered into a service contract with the Company for a term of three years. None of the directors or supervisors has entered into any service contract which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries or jointly controlled entities was a party, and in which a director or a supervisor of the Company was materially interested, whether directly or indirectly, subsisted at any time during the year or as at 31 December 2012.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year the following directors had interests in the following businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group, (other than those businesses where the directors were appointed as director of the businesses concerned to represent the interests of the Company/Group):

Businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group

Name of Director	Name of Entity	Description of Business	Nature of the interest of the director in the entity
Mr. Li Sze Lim	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli")	Owns an office building in Beijing for rental income	Shareholder
	Huizhou Golden Swan Hotspring Co., Ltd ("Golden Swan")	Spa Hotel	Shareholder
Mr. Zhang Li	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli")	Owns an office building in Beijing for rental income	Shareholder
	Huizhou Golden Swan Hotspring Co., Ltd. ("Golden Swan")	Spa Hotel	Shareholder

Mr. Li Sze Lim and Mr. Zhang Li have confirmed that Fushengli and Golden Swan has no intention of engaging in any business (save as disclosed) which competes or is likely to compete with the Group. The Company's directors are of the view that the Company is capable of carrying on its business independently of Fushengli and Golden Swan.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2012, the beneficial interests and short positions of the directors and supervisors of the Company and any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under Section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 31 December 2012 were as follows:

		Number of Shares				
Director/ Supervisor	**Nature of Interest**	**Personal**	**Spouse or child under 18**	**Corporate Interest**	**Total**	**Percentage of the total number of issued shares**
Li Sze Lim	Domestic shares	1,045,092,672				
	H shares		5,000,000	25,000,000	1,075,092,672	33.36%
Zhang Li	Domestic shares	1,005,092,672	20,000,000			
	H shares	6,632,800			1,031,725,472	32.02%
Lu Jing	Domestic shares	35,078,352			35,078,352	1.09%
Zhou Yaonan	Domestic shares	22,922,624			22,922,624	0.71%
Li Helen	H shares	1,003,600			1,003,600	0.03%
Chen Liangnuan	Domestic shares	20,000,000			20,000,000	0.62%

(b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

Director	**Name of associated corporation**	**Type**	**No. of shares**	**Percentage of total issued capital**
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. (Note 1)	Corporate	N/A	7.5%
	Beijing Fushengli Investment Consulting Co., Ltd. (Note 2)	Corporate	N/A	35.0%
Zhang Li	Guangzhou Tianfu Property Development Co., Ltd. (Note 1)	Corporate	N/A	7.5%
	Beijing Fushengli Investment Consulting Co., Ltd. (Note 2)	Corporate	N/A	35.0%

Note:

1. Guangzhou Tianfu Property Development Co., Ltd. is 15% owned by Century Land Properties Limited, which is beneficially owned by Mr. Li Sze Lim and Mr. Zhang Li at 50% each.

2. Beijing Fushengli Investment Consulting Co., Ltd. is 70% owned by Well Bright International Limited, which is beneficially owned by Mr. Li Sze Lim and Mr. Zhang Li at 50% each.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2012, so far as the directors are aware, only the following persons (other than the directors, supervisors and chief executive officer of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under division 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

Name of shareholder	Type of share	Number of shares (Note)	Percentage of H shares
JPMorgan Chase & Co.	"H" share	78,337,967(L) 10,003,200(S) 33,027,852(P)	7.72% 0.99% 3.25%
Prudential plc	"H" share	71,026,000(L)	6.99%
BlackRock, Inc.	"H" share	56,440,841(L) 5,833,423(S)	5.55% 0.57%
Commonwealth Bank of Australia	"H" share	53,233,212(L) 5,067,768(S)	5.24% 0.49%
Citigroup Inc.	"H" share	52,523,021(L) 30,467,566(S) 30,706,234(P)	5.17% 3.00% 3.02%
Lehman Brothers Holdings Inc.	"H" share	51,049,240(L) 67,663,183(S)	5.03% 6.66%
European Investors Holding Company, Inc.	"H" share	50,908,700(L)	5.01%
Lange Christian	"H" share	50,908,700(L)	5.01%
The Bank of New York Mellon Corporation	"H" share	50,857,369(L) 50,048,169(P)	5.01% 4.93%

Note: The letters "L", "S" and "P" respectively denote a long position, short position and lending pool in the shares.

SHARE OPTION SCHEME

The Group did not adopt any share option scheme during the year.

SHARE AWARD SCHEME

The board of directors (the "Board") of the Company adopted the Share Award Scheme on 23 August 2011 (the "Adoption Date"). Unless terminated earlier by the Board, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

The purpose of the Share Award Scheme is to recognize the contributions by certain selected employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Board may, from time to time, at its absolute discretion select any employee for participation in the Share Award Scheme and determines the number of shares in the Company ("Shares") to be awarded. The Board must not make any further award of Shares which would result in the number of Shares awarded under the Share Award Scheme to exceed 3% (i.e. 30,457,752 Shares) of the issued H-share capital of the Company as at the Adoption Date (i.e. 1,015,258,400 Shares). The maximum number of Shares which may be awarded to a selected employee under the Share Award Scheme in any 12-month period shall not be exceed 0.3% (i.e. 3,045,775 Shares) of the issued H-share capital of the Company as at the Adoption Date. The Board shall cause to be paid to the trustee of the Share Award Scheme the purchase price and the related expenses for the purchase of Shares from the market.

As at 31 December 2012, the total number of Shares held under the Share Award Scheme were 28,000,000 Shares. No Shares have yet been granted to any employees.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the PRC which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Company has not provided any financial assistance to or guarantee for facilities granted to affiliated companies (within the definition under chapter 13 of the Listing Rules) which together in aggregate would exceed the relevant percentage of 8%, requiring disclosure under the Listing Rules.

CONNECTED TRANSACTIONS

During the year ended 31 December 2012, the Group entered into transactions with related parties as disclosed in note 42 "Significant related-party transactions" to the consolidated financial statements. These related-party transactions included the following transactions which constituted connected transactions under the Listing Rules but exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31 of the Listing Rules:

1. Purchase of restaurant services from Huizhou Golden Swan Hotspring Co., Ltd.;

2. Lease of property and provision of property management services to 廣州金貝殼投資有限公司;

3. Purchase of environment drinking water system from Guangzhou Canton-Rich Environment Inc.; and

4. Lease of an aircraft under operating lease from Power Ease Investments Limited.

Save for the above exempted connected transactions, there were no other connected transactions in the year.

POST BALANCE SHEET EVENTS

Save for disclosed in note 43 to the financial statement, there were no other significant post balance sheet events.

MANAGEMENT CONTRACTS

No contract for the management and administration of the Group was entered into or was subsisting during the year.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

The financial statements of the Group have been audited by PricewaterhouseCoopers and it has indicated its willingness to be continuously in office. A resolution will be proposed by the Board at the AGM to re-appoint the firm as the auditor of the Company until the close of the next annual general meeting.

By order of the Board
Li Sze Lim
Chairman

Guangzhou, China
20 March 2013

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During 2012, the Supervisory Committee (the "Committee") carried out its supervisory duties conscientiously and diligently to protect the interests of shareholders, in accordance with PRC Company Law and the Company's Articles of Association.

The Committee consists of three members: Mr. Chen Liangnuan, who was elected from amongst the Company's employees; and Ms. Liang Yingmei and Mr. Zheng Ercheng, both independent supervisors representing shareholders' interests. A member of the Committee attended the meeting of the Board of Directors at which the Company's final 2012 results were approved, and one will also attend the upcoming 2012 annual general meeting.

Throughout the year, members of the Committee monitored the performance of the Company's directors and senior management, and reviewed all material policies formulated and important decisions taken. The Committee considers that the directors and senior management have conducted the Company's business diligently and honestly with the aim of advancing its stated corporate goals, and that they have acted in the best interests of the Company and its shareholders and in compliance with the laws and regulations of the PRC and the Company's Articles of Association.

The Committee has reviewed the financial statements for the year ended 31 December 2012, prepared in accordance with Hong Kong Financial Reporting Standards and audited by the Company's auditor, PricewaterhouseCoopers. The Committee has also reviewed the report of the directors and the profit appropriation proposal to be presented by the Board at the forthcoming 2012 annual general meeting. The Committee considers that the financial statements reflect a true and fair view of the Company's financial position and the results of its operations, and that they comply with all regulations applicable to the Company.

The Committee is satisfied with the business performance and achievement of the Company in 2012, and has great confidence in its future.

By order of the Supervisory Committee
Chen Liangnuan
Convenor

Guangzhou, China
20 March 2013

EXECUTIVE DIRECTORS

Li Sze Lim（李思廉）aged 56, is the Chairman of the Company

Mr. Li obtained his bachelor degree in mathematics in 1978 from the Chinese University of Hong Kong and was a merchant when starting his career in the real estate business in 1993. In August 1994, Mr. Li Sze Lim and Mr. Zhang Li together founded Guangzhou R&F Properties Co., Ltd. He now holds the position of Executive Director and Chairman of the Company. He is also responsible for supervising the sales and financial backbone of the Company. Mr. Li is the Chairman of the Council of Guangdong Chamber of Real Estate and a part-time professor of Jinan University. Mr. Li is the brother of Ms. Li Helen who is a non-executive director of the Company.

Mr. Li did not hold any directorship in any other listed public company within the last three years. He is a director of Guangzhou R&F Properties Co., Ltd. and a controlling shareholder of the Company. Save as disclosed, Mr. Li does not have any relationships with any other directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest of 1,045,092,672 domestic shares, 5,000,000 H shares and a corporate interest of 25,000,000 H shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Mr. Li and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Li will be determined by the Board with reference to job responsibilities and the Group's performance and profitability.

Zhang Li（張力）aged 60, is the Co-chairman and Chief Executive Officer of the Company

Mr. Zhang started his career in the construction and renovation business. Prior to joining the Company, he was the Secretary of Youth League Committee of Guangzhou 2nd Light Industry Bureau and the Head of production department of Guangzhou Baiyun District Township Enterprise Administration. In 1993, Mr. Zhang began to engage in real estate development and in August 1994, together with Mr. Li Sze Lim, founded Guangzhou R&F Properties Co., Ltd. He now holds the positions of Executive Director, Co-chairman and Chief Executive Officer of the Company. Mr. Zhang is responsible for land acquisition, engineering, construction, cost control and managing daily operations. Mr. Zhang's is also an executive director and chairman of Kinetic Mines and Energy Limited (Stock code: 1277). Mr. Zhang is a member of the 11th and 12th National Committee of the Chinese People's Political Consultative Conference, the Chairman of China Real Estate Chamber of Commerce and, a director and a part-time professor of Jinan University. Mr. Zhang is the brother of Ms. Zhang Lin who is a non-executive director of the Company.

Saved as disclosed, Mr. Zhang did not hold any directorship in any other listed public company within the last three years. He is a director of Guangzhou R&F Properties Co., Ltd. and a controlling shareholder of the Company. Save as disclosed, Mr. Zhang does not have any relationships with any other directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest of 1,025,092,672 domestic shares and 6,632,800 H shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Mr. Zhang and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Zhang will be determined by the Board with reference to job responsibilities and the Group's performance and profitability.

Zhou Yaonan（周耀南）aged 59, is an Executive Director of the Company and General Manager

Mr. Zhou is primarily responsible for coordinating and monitoring the construction and development of property projects and project management. He was appointed as a Deputy General Manager when he joined the Group in October 1995 and was made General Manager in 2005. He was elected as an Executive Director of the Board in October 2001. Prior to joining the Group, he held various teaching and administrative positions with a number of middle schools in Guangzhou from 1970 to 1990, after graduating from South China Normal University with a bachelor's degree.

Mr. Zhou did not hold any directorship in any other listed public company within the last three years. He is a director of Guangzhou R&F Properties Co., Ltd. and a shareholder of the Company. Mr. Zhou does not have any relationships with any other directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest of 22,922,624 domestic shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Mr. Zhou and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Zhou will be determined by the Board with reference to job responsibilities and the Group's performance and profitability.

Lu Jing（呂勁）aged 53, is an Executive Director of the Company and Deputy General Manager

Mr. Lu has been with the Company since the formation of Tianli Properties Development Co., Ltd. in August 1994, and has been serving as Deputy General Manager since then. He was elected as Executive Director of the Board in October 2001. He was the General Manager of Beijing R&F Properties Development Co., Ltd. and R&F (Beijing) Properties Development Co., Ltd., the Vice Chairman of Shanghai R&F Properties Development Co., Ltd., both subsidiaries of the Company, and was responsible for the Company's development projects in Beijing and Eastern China. He is currently the executive director and Deputy General Manager of the Company. He graduated from the Guangdong University of Mining in 1982 with a bachelor's degree in industrial automation. He has also been awarded an EMBA degree from Peking University. Prior to joining the Company, Mr. Lu was deputy manager of a pharmaceutical factory in Guangzhou.

Mr. Lu did not hold any directorship in any other listed public company within the last three years. He is a director of Guangzhou R&F Properties Co., Ltd. and a shareholder of the Company. Mr. Lu does not have any relationships with any other directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest of 35,078,352 domestic shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Mr. Lu and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Lu will be determined by the Board with reference to job responsibilities and the Group's performance and profitability.

NON-EXECUTIVE DIRECTORS

Zhang Lin（張琳）aged 64

Ms. Zhang served as a lecturer at the South China University of Technology from 1982 to 1993 and as an associate professor from 1993 to 2003, teaching electrical and electronic engineering technology. Ms. Zhang graduated from the South China University of Technology having majored in electrical engineering. Ms. Zhang is the sister of Mr. Zhang Li.

Ms. Zhang's is also an non-executive director of Kinetic Mines and Energy Limited. There is a service contract signed between the Company and Ms. Zhang and she will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Ms. Zhang will be determined by the Board.

Li Helen（李海倫）aged 62

Ms. Li has over 25 years of experience in international trade and has held various senior executive positions with several international companies. From 1986 to 1987 she was the Managing Director of Sunrise Knitwear Ltd., a knitwear manufacturing company in Hong Kong and a subsidiary of Hong Kong Sales Knitwear Ltd. From 1988 to 2005 she was the president of Great Seas Marketing Inc., a Canadian garment wholesale and distribution company. Ms. Li is the sister of Mr. Li Sze Lim.

Ms. Li did not hold any directorship in any other listed public company within the last three years. She has a personal interest of 1,003,600 H shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Ms. Li and she will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Ms. Li will be determined by the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Huang Kaiwen（黃開文）aged 79

Mr. Huang held senior administrative positions with various schools and colleges from 1963 to 1979. From 1979 to 1996 he was a division chief, deputy director general and director general of the Guangzhou Bureau of Land Resources and Housing Administration. Mr. Huang became one of the Company's independent Non-executive Directors in May 2005.

Mr. Huang did not hold any directorship in any other listed public company within the last three years. There is a service contract signed between the Company and Mr. Huang and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Huang will be determined by the Board.

Dai Feng（戴逢）aged 71

Mr. Dai has over 40 years of experience in urban planning and administration, specializing in urban planning, design and related information technology. Currently, he is a member of the Expert Committee of Ministry of Urban Planning of China. Since 2000, he has been a part-time professor at a number of universities and was a consultant to the China Association of City Planning, an association which studies issues concerning the reform of urban planning in China and assists the government in the drafting of development plans. He is also a fellow of the Euroasian Academy of Sciences. Since 1985, he has won various prizes in urban planning and the application of advanced technology. His achievements in applying advanced technology in urban planning have been recognized by China's Ministry of Construction. Mr. Dai became an independent Non-executive Director of the Company in May 2005 and has been Chairman of the Remuneration Committee since 20 March 2012.

Mr. Dai is an independent non-executive director of Kinetic Mines and Energy Limited and KWG Property Holdings Limited, both listed on the Stock Exchange of Hong Kong Limited and an independent Director of Guangzhou Donghua Enterprise Co., Ltd. listed on the Shanghai Stock Exchange. There is a service contract signed between the Company and Mr. Dai and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Dai will be determined by the Board.

Lai Ming, Joseph (黎明) aged 68

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 HK Institute of Directors. He co-founded the Hong Kong Centre of CIMA and was its president from 1974 to 1975 and from 1979 to 1980. He was the president of the HKICPA in 1986. Mr. Lai became an independent non-executive director of the Company in May 2005 and has been Chairman of the Audit Committee since then.

Until his retirement in 2004, Mr. Lai served several Hong Kong listed companies in key management positions with particular emphasis on corporate finance and organization and management information. He is an independent non-executive director of Jolimark Holdings Ltd., Shinhint Acoustic Link Holdings Limited and Country Garden Holdings Company Limited, all of which are companies whose shares are listed on The Stock Exchange of Hong Kong Limited. He is also an independent non-executive directors of Nan Fung Group Holdings Limited and Nan Fung Property Holdings Limited.

SUPERVISORS

Mr. Chen Liangnuan (陳量暖) aged 63

Mr. Chen graduated from Shanghai Textile College in 1977. From 1977 to 1996, Mr. Chen had served as the general manager or party secretary of various textile factories in Guangzhou. Mr. Chen joined Guangzhou Tianli Construction Co., Ltd. ("Tianli") in 1996 as its general manager and assumed in 2003 the additional position of managing Director which he currently holds. Tianli is presently a wholly-owned subsidiary of the Company. Mr. Chen is also the managing Director of Foshan Metalwork Co., Ltd. (佛山力尊金屬制品有限公司) and Guangzhou Tianyin Landscape Engineering Co., Ltd. (廣州天盈園林工程有限公司), both wholly-owned subsidiary of the Company and a Director of Beijing Fushengli Investment Consulting Co., Ltd. (北京富盛利房地產經紀有限公司), an associated company of the Company.

Mr. Chen did not hold any directorship in any other listed public company within the last three years. He has a personal interest of 20,000,000 domestic shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Liang Yingmei (梁英梅) aged 72

Ms. Liang has over 40 years of experience in the construction industry. She has been the chairman of the Association of the Construction Materials Industry of Guangzhou since 2000. Prior to 2000, she served as an engineer, a deputy general manager and finally chairman and general manager of Guangzhou Construction Materials Group Corporation. Ms. Liang received a bachelor's degree in chemistry from the South China University of Technology in 1964. She was appointed as a Supervisor of the Company in June 2004 to act as a representative of the Company's shareholders.

Zheng Ercheng (鄭爾城) aged 55

Mr. Zheng has extensive experience in the China banking industry and financial sector. He was sub-branch deputy governor and then governor of China Construction Bank, Guangzhou Branch, Tianhe Sub-branch from 1987 to 1997 and general manager of the International Business Department of the Guangzhou Branch of the China Construction Bank from 1997 to 1999. He was the general manager of the Guangzhou Branch of Cinda Asset Management Company from 1999 to 2000. He became a Supervisor of the Company in June 2004, to act as a representative of the Company's shareholders.

羅兵咸永道

To the shareholders of Guangzhou R&F Properties Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 59 to 149, which comprise the consolidated and company balance sheets as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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.

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, 20 March 2013

CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2012	2011
ASSETS			
Non-current assets			
Land use rights	6	**850,398**	680,069
Property, plant and equipment	7	**5,489,200**	4,124,919
Investment properties	8	**13,347,220**	12,687,557
Intangible assets	9	**897,797**	848,088
Interests in jointly controlled entities	11	**3,795,093**	3,355,575
Interests in associates	12	**179,843**	264,586
Deferred income tax assets	28	**2,696,531**	2,402,822
Available-for-sale financial assets	13	**224,000**	177,100
Trade and other receivables and prepayments	17	**1,624,219**	2,209,693
		29,104,301	26,750,409
Current assets			
Properties under development	14	**39,427,395**	33,087,780
Completed properties held for sale	15	**7,964,288**	6,035,545
Inventories	16	**305,812**	271,858
Trade and other receivables and prepayments	17	**7,609,054**	7,581,432
Tax prepayments	27	**1,314,646**	1,405,997
Restricted cash	19	**5,835,622**	2,899,620
Time deposits	18	**–**	1,300,000
Cash	20	**7,026,092**	4,826,243
		69,482,909	57,408,475
Total assets		**98,587,210**	84,158,884
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	**805,592**	805,592
Other reserves	23	**4,351,603**	4,316,428
Shares held for Share Award Scheme	24	**(167,364)**	(165,924)
Retained earnings			
– Proposed final dividend	37	**1,597,184**	1,288,948
– Others		**19,878,940**	16,280,782
		26,465,955	22,525,826
Non-controlling interests		**363,919**	206,548
Total equity		**26,829,874**	22,732,374
LIABILITIES			
Non-current liabilities			
Long-term borrowings	26	**28,419,956**	18,285,250
Deferred income tax liabilities	28	**2,780,705**	2,364,187
		31,200,661	20,649,437
Current liabilities			
Accruals and other payables	25	**12,679,479**	10,124,938
Deposits received on sale of properties		**13,165,205**	14,054,998
Current income tax liabilities	29	**7,499,685**	6,503,780
Short-term borrowings	26	**1,432,052**	352,033
Current portion of long-term borrowings	26	**5,780,254**	9,741,324
		40,556,675	40,777,073
Total liabilities		**71,757,336**	61,426,510
Total equity and liabilities		**98,587,210**	84,158,884
Net current assets		**28,926,234**	16,631,402
Total assets less current liabilities		**58,030,535**	43,381,811

Li Sze Lim
Director

Zhang Li
Director

The notes on pages 65 to 149 are an integral part of these consolidated financial statements.

BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2012	2011
ASSETS			
Non-current assets			
Land use rights	6	**94,213**	41,717
Property, plant and equipment	7	**921,354**	560,308
Investment properties	8	**169,021**	156,052
Intangible assets	9	**22,932**	24,299
Investments in subsidiaries	10	**15,510,319**	11,737,079
Interests in jointly controlled entities	11	**586,540**	583,040
Interests in associates	12	**138,466**	138,466
Deferred income tax assets	28	**160,735**	129,924
Available-for-sale financial assets	13	**224,000**	177,100
Trade and other receivables and prepayments	17	**322,090**	1,260,620
		18,149,670	14,808,605
Current assets			
Properties under development	14	**3,154,553**	3,118,064
Completed properties held for sale	15	**1,212,478**	1,086,920
Trade and other receivables and prepayments	17	**6,823,638**	9,520,216
Tax prepayments	27	**44,615**	134,301
Restricted cash	19	**1,199,586**	967,422
Cash	20	**335,362**	518,468
		12,770,232	15,345,391
Total assets		**30,919,902**	30,153,996
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	**805,592**	805,592
Other reserves	23	**4,351,603**	4,316,428
Shares held for Share Award Scheme	24	**(167,364)**	(165,924)
Retained earnings			
– Proposed final dividend	37	**1,597,184**	1,288,948
– Others		**883,541**	422,729
Total equity		**7,470,556**	6,667,773
LIABILITIES			
Non-current liabilities			
Long-term borrowings	26	**8,212,684**	3,346,000
Deferred income tax liabilities	28	**97,738**	95,488
		8,310,422	3,441,488
Current liabilities			
Accruals and other payables	25	**12,339,693**	10,812,326
Deposits received on sale of properties		**454,225**	1,394,062
Current income tax liabilities	29	**721,006**	840,423
Current portion of long-term borrowings	26	**1,624,000**	6,997,924
		15,138,924	20,044,735
Total liabilities		**23,449,346**	23,486,223
Total equity and liabilities		**30,919,902**	30,153,996
Net current liabilities		**(2,368,692)**	(4,699,344)
Total assets less current liabilities		**15,780,978**	10,109,261

Li Sze Lim
Director

Zhang Li
Director

The notes on pages 65 to 149 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2012	2011
Revenue	5	**30,365,056**	27,370,095
Cost of sales	31	**(17,986,776)**	(15,954,244)
Gross profit		**12,378,280**	11,415,851
Other gains – net	30	**825,859**	725,872
Selling and marketing costs	31	**(454,006)**	(471,804)
Administrative expenses	31	**(1,522,400)**	(1,452,454)
Other operating expenses	31	**–**	(9,197)
Operating profit		**11,227,733**	10,208,268
Finance costs	33	**(1,501,609)**	(1,139,152)
Share of results of jointly controlled entities	11	**402,974**	(19,131)
Share of results of associates		**(87,333)**	118,218
Profit before income tax		**10,041,765**	9,168,203
Income tax expenses	34	**(4,382,415)**	(4,333,387)
Profit for the year		**5,659,350**	4,834,816
Profit attributable to:			
– Owners of the Company		**5,501,979**	4,841,650
– Non-controlling interests		**157,371**	(6,834)
		5,659,350	4,834,816
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)	36	**1.7224**	1.5057

The notes on pages 65 to 149 are an integral part of these consolidated financial statements.

	Note	Year ended 31 December 2012	2011
Dividends	37	**1,916,621**	1,920,470

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2012	2011
Profit for the year		**5,659,350**	4,834,816
Other comprehensive income			
Fair value gain/(loss) on available-for-sale financial assets, net of tax	23	**35,175**	(4,200)
Other comprehensive income for the year, net of tax		**35,175**	(4,200)
Total comprehensive income for the year		**5,694,525**	4,830,616
Total comprehensive income attributable to:			
– Owners of the Company		**5,537,154**	4,837,450
– Non-controlling interests		**157,371**	(6,834)
		5,694,525	4,830,616

The notes on pages 65 to 149 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company						
	Share capital	Shares held for Share Award Scheme	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2011	805,592	–	4,320,628	14,661,501	19,787,721	211,500	19,999,221
Comprehensive income							
Profit for the year	–	–	–	4,841,650	4,841,650	(6,834)	4,834,816
Other comprehensive income							
Fair value loss on available-for-sale financial assets, net of tax	–	–	(4,200)	–	(4,200)	–	(4,200)
Total other comprehensive income	–	–	(4,200)	–	(4,200)	–	(4,200)
Total comprehensive income	–	–	(4,200)	4,841,650	4,837,450	(6,834)	4,830,616
Transactions with owners							
Disposal of a subsidiary	–	–	–	–	–	1,882	1,882
Dividends relating to 2010 final and 2011 interim	–	–	–	(1,933,421)	(1,933,421)	–	(1,933,421)
Shares purchased for Share Award Scheme	–	(165,924)	–	–	(165,924)	–	(165,924)
Total transactions with owners	–	(165,924)	–	(1,933,421)	(2,099,345)	1,882	(2,097,463)
Balance at 31 December 2011	805,592	(165,924)	4,316,428	17,569,730	22,525,826	206,548	22,732,374
Balance at 1 January 2012	**805,592**	**(165,924)**	**4,316,428**	**17,569,730**	**22,525,826**	**206,548**	**22,732,374**
Comprehensive income							
Profit for the year	**–**	**–**	**–**	**5,501,979**	**5,501,979**	**157,371**	**5,659,350**
Other comprehensive income							
Fair value gain on available-for-sale financial assets, net of tax	**–**	**–**	**35,175**	**–**	**35,175**	**–**	**35,175**
Total other comprehensive income	**–**	**–**	**35,175**	**–**	**35,175**	**–**	**35,175**
Total comprehensive income	**–**	**–**	**35,175**	**5,501,979**	**5,537,154**	**157,371**	**5,694,525**
Transactions with owners							
Dividends relating to 2011 final and 2012 interim	**–**	**–**	**–**	**(1,595,585)**	**(1,595,585)**	**–**	**(1,595,585)**
Shares purchased for Share Award Scheme	**–**	**(1,440)**	**–**	**–**	**(1,440)**	**–**	**(1,440)**
Total transactions with owners	**–**	**(1,440)**	**–**	**(1,595,585)**	**(1,597,025)**	**–**	**(1,597,025)**
Balance at 31 December 2012	**805,592**	**(167,364)**	**4,351,603**	**21,476,124**	**26,465,955**	**363,919**	**26,829,874**

The notes on pages 65 to 149 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2012	2011
Cash flows from operating activities			
Cash generated from operations	38	**2,936,786**	5,607,651
Interest paid		**(2,197,435)**	(1,837,719)
Enterprise income tax and land appreciation tax paid		**(3,203,460)**	(3,240,986)
Net cash (used in)/generated from operating activities		**(2,464,109)**	528,946
Cash flows from investing activities			
Purchases of property, plant and equipment		**(778,713)**	(443,950)
Purchases of intangible assets		**(80,091)**	(17,632)
Proceeds on disposal of property, plant and equipment and land use rights	38	**436**	52,034
Proceeds on disposal of investment properties	38	**–**	47,529
Proceeds on disposal of a subsidiary		**–**	5,500
Proceeds on disposal of interests in a jointly controlled entity		**500**	–
Investments in jointly controlled entities and associates		**(13,385)**	(535,201)
Cash repayment from jointly controlled entities and associates		**238,382**	955,935
Dividend received from available-for-sale financial assets		**2,100**	–
Decrease/(increase) in time deposits		**1,300,000**	(1,300,000)
Interest received		**148,183**	129,112
Net cash used in investing activities		**817,412**	(1,106,673)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs		**14,305,010**	9,235,520
Repayments of borrowings		**(7,312,437)**	(8,729,146)
Repayments of finance lease liabilities		**(37,667)**	–
(Increase)/decrease in guarantee deposits for borrowings		**(1,447,524)**	1,437,107
Purchases of shares for Share Award Scheme		**(1,440)**	(165,924)
Dividends paid to owners of the Company		**(1,659,396)**	(2,027,303)
Net cash generated from/(used in) financing activities		**3,846,546**	(249,746)
Net increase/(decrease) in cash		**2,199,849**	(827,473)
Cash at beginning of year		**4,826,243**	5,653,716
Cash at end of year	20	**7,026,092**	4,826,243

The notes on pages 65 to 149 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") mainly engages in the development and sale of properties, property investment, hotel operations and other property development related service in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No.10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company were listed on The Main Board of Stock Exchange of Hong Kong Limited on 14 July 2005.

These financial statements are presented in RMB Yuan thousands (RMB'000), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 20 March 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting 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"). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties which are carried at fair value.

The preparation of financial statements in conformity with 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.

(a) New and amended standards adopted by the Group

The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2012.

- HKAS 12 (Amendment), "Deferred tax: Recovery of underlying assets" is effective for annual periods beginning on or after 1 January 2012. It introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on 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 has no material impact on the Group's financial statements, as the business model of the Group's investment properties is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the presumption of HKAS 12 (Amendment) is rebutted and related deferred tax is not remeasured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) New and amended standards adopted by the Group (Continued)

- HKFRS 7 (Amendment), "Disclosures – Transfers of financial assets" is effective for annual periods beginning on or after 1 July 2011. It promotes transparency in the reporting of transfer transactions and improves users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. This has no material impact on the Group's financial statements.

(b) New and amended standards effective for the financial year beginning 1 January 2012 but not currently relevant to the Group

- HKFRS 1 (Amendment), "Severe hyperinflation and removal of fixed dates for first-time adopters" is applicable to annual periods beginning on or after 1 July 2011. This is not relevant to the Group as the Group is existing HKFRSs preparer.

(c) New and amended standards and annual improvements not yet adopted

A number of new standards, amendments to standards and annual improvements are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing the Group's financial statements.

- HKAS 1 (Amendment), "Financial statement 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 amendments are effective for annual periods beginning on or after 1 July 2012.

- 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 standard is effective for annual periods beginning on or after 1 January 2013.

- 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 revised standard is effective for annual periods beginning on or after 1 January 2013.

- HKFRS 11, "Jointly arrangements". The amendment 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 standard is effective for annual periods beginning on or after 1 January 2013.

- HKAS 28 (Revised 2011), "Associates and jointly ventures" includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11. The revised standard is effective for annual periods beginning on or after 1 January 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) New and amended standards and annual improvements not yet adopted (Continued)

- HKFRS 12, "Disclosure 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 standard is effective for annual periods beginning on or after 1 January 2013.

- Amendment 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 amendments are effective for annual periods beginning on or after 1 January 2013.

- HKFRS 13, "Fair value measurements" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The standard is effective for annual periods beginning on or after 1 January 2013.

- HKFRS 7 (Amendment) "Financial instruments: Disclosures-Offsetting financial assets and financial liabilities" requires 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 amendment is effective for annual periods beginning on or after 1 January 2013.

- Annual improvements 2011: These annual improvements, address six issues in the 2009-2011 reporting cycle, are effective for annual periods beginning on or after 1 January 2013. These include changes to:

  – HKFRS 1, 'First time adoption'

  – HKAS 1, 'Financial statement presentation'

  – HKAS 16, 'Property plant and equipment'

  – HKAS 32, 'Financial instruments; Presentation'

  – HKAS 34, 'Interim financial reporting'

- HKAS 32 (Amendment) "Financial instruments: Presentation – Offsetting financial assets and financial liabilities" clarifies some of the requirements for offsetting financial instruments on the balance sheet. The amendment is effective for annual periods beginning on or after 1 January 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) New and amended standards and annual improvements not yet adopted (Continued)

- HKFRS 9, "Financial Instrument" is the first standard issued as part of a wider project to replace HKFRAS 39. HKFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in HKAS 39 on impairment of financial assets and hedge accounting continues to apply. The new standard is effective for annual periods beginning on or after 1 January 2015.

- 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 Group is in the process of making an assessment on the impact of these new/revised standards, amendments and annual improvements and does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) 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 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.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of controls 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.

(c) 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

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 Jointly controlled entities

Jointly controlled entities are all entities jointly controlled by the Group and other parties and none of the participating parties has unilateral control over the entity. Investments in jointly controlled entities 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. The Group's investment in jointly controlled entities includes goodwill identified on acquisition.

If the ownership interest in a jointly controlled entity is reduced but the joint control over the entity 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 the income statement, 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 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 legal or constructive 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 the jointly controlled entity 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 entity and its carrying value and recognises the amount adjacent to 'share of results of jointly controlled entities' in the income statement. See Note 2.11 for the impairment of non-financial assets including goodwill.

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

Dilution gains and losses arising in investments in jointly controlled entities are recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 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. The Group's investment in associates includes goodwill identified on 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 the income statement, 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 results of associates' in the income statement. See Note 2.11 for the impairment of non-financial assets including goodwill.

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 the income statement.

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 that make strategic decisions.

2.6 Foreign currency translation

(a) 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 RMB Yuan, which is the Company's functional and the Group's presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (Continued)

(b) 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 the income statement.

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

2.7 Property, plant and equipment

Buildings comprise mainly office premises and hotel buildings. All property, plant and equipment are stated at historical cost less depreciation and 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 in the 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	20-30 years
– Furniture, fixtures and equipment	5 years
– Motor vehicles	6-15 years
– Machinery	5-10 years

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

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 2.11).

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

2.8 Assets under construction

Assets under construction are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights, borrowing costs and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property, plant and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Assets under construction (Continued)

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

2.9 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount 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. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values are recognised in the income statement as part of other gains.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is under construction or development for future use as investment property is classified as investment property under construction. Where fair value of investment properties under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised as a revaluation under HKAS16. The resulting increase in the carrying amount is recognised in other comprehensive income and increases revaluation surplus within equity. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement, and the remaining part of the increase is recognised in other comprehensive income and increases revaluation surplus within equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisitions of subsidiaries is included in intangible assets.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell (Note 2.11). Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Construction licence

Construction licence is acquired in a business combination and is recognised at fair value at the acquisition date. Construction licence is renewable annually at minimal cost. The Directors of the Group are of the view that the Group has both intention and ability to renew the construction licence continuously and the useful life of the construction licence is considered as indefinite. Construction licence is tested annually for impairment and carried at cost less accumulated impairment losses (Note 2.11).

(c) Customer contracts

Customer contracts are acquired in a business combination and are recognised at fair value at the acquisition date. Customer contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the execution of the customer contracts.

(d) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 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.

2.12 Financial assets

2.12.1 Classification

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

(a) Loans and receivables

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 the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables and prepayments' and 'cash and restricted cash' in the balance sheet (Notes 2.20 and 2.21).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.12.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the 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. 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. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 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.

2.14 Impairment of financial assets

(a) 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.

For loans and receivables category, 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 the income statement. 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 income statement.

(b) Assets classified as available for sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Land use rights

All land in the PRC is stated-owned and no individual ownership right exists. The Group acquired the rights to use certain land and the premiums paid for such rights are recorded as land use rights.

Land use rights which are held for self-use are stated at cost and amortised over the use terms of 40 to 70 years using straight-line method. Land use rights which are held for development for sale are inventories and measured at lower of cost and net realisable value. Land use rights are transferred to properties under development upon commencement of development.

2.16 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 in the ordinary course of business, less applicable variable selling expense and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

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

If a property under development becomes owner-occupied, it is reclassified as property, plant and equipment. Property under development for future use as investment property is classified as investment property under construction.

2.17 Completed properties held for sale

Completed properties held for sale 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 management estimates based on prevailing market conditions less estimated costs to be incurred in selling the property.

2.18 Inventories

Inventories principally comprise construction materials, which are stated at the lower of cost and 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.

2.19 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Construction contracts (Continued)

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.

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.

On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

2.20 Trade and other receivables

Trade receivables are amounts due from customers in respect of sale of properties and provision of construction service 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 allowance for impairment.

2.21 Cash

Cash includes cash on hand and deposits held at call with banks.

Bank deposits which are restricted to use are included in "restricted cash". Restricted cash are excluded from cash included in the cash flow statements.

2.22 Share capital and Shares held for Share Award Scheme

Ordinary shares are classified as equity.

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

Where the Company's Employee Share Trust purchases H shares from the market, the consideration paid, including any directly attributable incremental costs (net of income taxes) is presented as Shares held for Share Award Scheme and deducted from equity attributable to the Company's equity holders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 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.

2.24 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement 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 balance sheet date.

2.25 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.

2.26 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) 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 and its subsidiaries, associates and jointly controlled entities 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Current and deferred income tax (Continued)

(b) 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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, 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 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 only 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 is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) 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.

2.27 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual 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.

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Employee benefits (Continued)

(c) Retirement benefits

In accordance with the rules and regulations in 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 PRC government.

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 eligible employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HKD1,250. The assets of the 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.

2.28 Provisions

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.

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.

2.29 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Revenue recognition (Continued)

(a) Sale of properties

Revenue from sale 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 ready for delivery to the purchasers pursuant to the sale agreements, and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheets as deposits received on sale of properties under current liabilities.

(b) Construction services

Revenue arising from construction services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided (Note 2.19).

(c) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

(d) Hotel operations

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the services are rendered.

(e) Property management

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

(f) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(g) Dividend income

Dividend income is recognised when the right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.30 Leases

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

(1) The Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included long-term borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(2) The Group is the lessor

When assets are leased out under an operating lease, the assets are included in the balance sheet based on the nature of the assets. Lease income is recognised in the income statement on a straight-line basis over the term of the lease.

2.31 Dividend distribution

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

2.32 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries, jointly controlled entities or associates to secure loans, overdrafts and other banking facilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.32 Financial guarantee contracts (Continued)

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

Where guarantees in relation to loans or other payables of subsidiaries, jointly controlled entities or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investments in the financial statements of the Company.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price 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.

(a) Market risk

(i) Foreign exchange risk

The Group operates in the PRC with most of the transactions denominated in RMB, except for certain borrowings denominated in HK dollars ("HKD") and US dollars ("USD") (Note 26), and certain payables dominated in HKD (Note 25), as well as dividends to equity holders of H Shares declared in RMB and paid in HKD. The Group has not hedged its foreign exchange rate risk. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

The table below summarises the impact of changes in foreign exchange rate at 31 December 2012 with all other variables held at constant on the Group's post-tax profit for the year.

	RMB against the foreign currency	
	weaken by 1%	**strengthen by 1%**
	impact on post-tax profit for the year	
Denominated in HKD		
Cash	181	(181)
Restricted cash	158	(158)
Accruals and other payables	(2,748)	2,748
Borrowings	(1,155)	1,155
Denominated in USD		
Cash	2,833	(2,833)
Restricted cash	995	(995)
Borrowings	(17,690)	17,690

(ii) Price risk

The Group is exposed to equity securities price risk because available-for-sale financial assets held by the Group, which are not publicly traded, would be influenced by market price. The Group closely monitors the fluctuation of the price and assesses the impact on the Group's financial statements.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

The table below summarises the impact of changes in interest rate at 31 December 2012 with all other variables held at constant on the Group's post-tax profit for the year.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risk (continued)

	Interest rate	
	25 basis points higher	**25 basis points lower**
	Impact on post-tax profit for the year	
Long-term borrowings at variable rates	(34,851)	34,851

(b) Credit risk

The extent of the Group's maximum exposure to credit risk in relation to financial assets is aggregate carrying value of cash deposits in banks and trade and other receivables except for prepayments. To manage the exposure, the Group has policies in place to ensure that sales are made to customers with an appropriate credit history and deposits are placed with high-credit-quality banks.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties. Management does not expect any losses from non-performance by the banks and financial institutions, as they are of good credit standing. For credit rating of banks and financial institutions, please refer to Note 20. The Group closely monitors repayment progress of customers in accordance with the terms as specified in the enforceable contracts. Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default. As at 31 December 2012, one single customer accounted for more than 5% of the Group's trade receivables (31 December 2011: Two).

In addition, the Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. The Group also provides guarantees to its jointly controlled entities and an associate for their borrowings. Detailed disclosure of such guarantees is made in Note 39.

(c) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalent, including proceeds from pre-sale of properties, short-term and long-term borrowings, available funding through adequate amount of credit lines for which the Group has obtained non-binding letters of intent or strategic cooperation letters from certain domestic banks, to meet its construction and investment commitments.

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 control investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, accelerating sales of properties with more flexible pricing, seeking joint venture partners to co-develop quality projects, disposal of certain investment properties with acceptable prices to the Group. The Group will, base on its assessment of the relevant costs and benefits, pursue such options as are appropriate.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Group					
At 31 December 2012					
Borrowings (excluding finance lease liabilities (Note (1))	**9,695,720**	**16,119,907**	**11,270,789**	**5,260,777**	**42,347,193**
Finance lease liabilities	**50,222**	**50,222**	**113,001**	**–**	**213,445**
Accrual and other payables*	**11,749,667**	**–**	**–**	**–**	**11,749,667**
Guarantees in respect of borrowings of jointly controlled entities and an associate	**771,222**	**2,180,893**	**950,972**	**–**	**3,903,087**
At 31 December 2011					
Borrowings (Note (1))	10,808,407	7,074,332	9,494,276	5,776,018	33,153,033
Accrual and other payables*	9,623,952	–	–	–	9,623,952
Guarantees in respect of borrowings of jointly controlled entities and an associate	2,028,110	828,683	1,640,233	–	4,497,026
Company					
At 31 December 2012					
Borrowings (Note (1))	**2,222,301**	**7,549,088**	**1,112,758**	**–**	**10,884,147**
Accrual and other payables*	**12,227,961**	**–**	**–**	**–**	**12,227,961**
Guarantees in respect of borrowings of jointly controlled entities and an associate	**742,924**	**2,152,596**	**553,304**	**–**	**3,448,824**
At 31 December 2011					
Borrowings (Note (1))	7,341,710	2,173,010	1,537,559	–	11,052,279
Accrual and other payables*	10,763,157	–	–	–	10,763,157
Guarantees in respect of borrowings of jointly controlled entities and an associate	2,028,110	828,683	1,640,233	–	4,497,026

* Excluding salaries payable and other taxes payable

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Note:

(1) Interest on borrowings is calculated on borrowings held as at 31 December 2012 and 2011. Floating-rate interest is estimated using the current interest rate as at 31 December 2012 and 2011 respectively.

(2) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Please refer to Note 39 (a) for details.

3.2 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 equity holders 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 will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generating from operations and may raise funding through capital market or bank borrowings as necessary.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and restricted cash. Total capital is equity attributable to owners of the Company.

The gearing ratio is calculated as follows:

	31 December 2012	31 December 2011
Total borrowings (Note 26)	**35,632,262**	28,378,607
Less: cash, restricted cash and time deposits	**(12,861,714)**	(9,025,863)
Net debt	**22,770,548**	19,352,744
Equity attributable to owners of the Company	**26,465,955**	22,525,826
Gearing ratio	**86.0%**	85.9%

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

The different levels of financial instruments carried at fair value have been 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).

The fair value of financial instruments, including unlisted equity investments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

The Group's financial instruments measured at fair value are available-for-sale financial assets, which are unlisted equity investments that are not traded in an active market. As significant inputs required to fair value the equity investments are observable, the available-for-sale financial assets are grouped in level 2.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used are continually 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 have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.11. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Key assumptions used in the value-in-use calculations are disclosed in Note 9.

A sensitivity analysis on key assumptions used in the calculation has been carried out. Were the gross margin or growth rate lower than management estimates by 20%, or discount rate higher than management estimates by 20% with other variables held at constant, the Group would not suffer any impairment in goodwill as at 31 December 2012.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Estimated impairment of construction licences

Useful life of construction licences is indefinite and therefore, the carrying amount is subject to test annually for impairment, in accordance with the accounting policy in Note 2.11. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Key assumptions used in the value-in-use calculations are disclosed in Note 9.

A sensitivity analysis on key assumptions used in the calculation has been carried out. Were the royalty rate applied in the calculation lower than management estimates by 10% with other variables held at constant, the Group would have recognised an impairment by RMB3,000,000. Were the growth rate lower than management estimates by 10% or the discount rate higher than management estimates by 10% with other variables held at constant, the Group would not suffer any impairment in construction licenses as at 31 December 2012.

(c) Current taxation and deferred taxation

The Group is subject to income taxes in the PRC. Significant judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax 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 differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax expense in the periods in which such estimate is changed.

(d) Land appreciation taxes

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures.

The Group is subject to land appreciation taxes in the PRC which has been included in income tax expenses of the Group. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its land appreciation tax returns for certain years with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions for land appreciation taxes in the period in which such determination is made.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Principal assumptions underlying management's estimation of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market. The valuations are reviewed annually by external valuers.

Were the discount rate higher than management estimates by 10% with other variables held at constant, the fair value of the investment properties would have decreased by RMB801,769,000.

(f) Estimate of fair value of available-for-sale financial assets

The fair value of the Group's available-for-sale financial assets that are not quoted in active markets is determined by using valuation techniques. The Group uses a variety of analysis and methods. To the extent practical, models use only observable data; however, areas such as market price of comparable financial assets, credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of available-for-sale financial assets.

Were the market price lower than 5% from management estimates, it is estimated that the balance of available-for-sale financial assets would decrease by RMB11,200,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in the property development, property investment and hotel operations. Other services provided by the Group mainly represent property management and property agency. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the year. The information provided to the Executive Directors is measured in a manner consistent with that in the financial statements.

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2012 and the segment assets and liabilities at 31 December 2012 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	28,057,384	680,868	874,284	993,398	30,605,934
Inter-segment revenue	–	(52,541)	(44,015)	(144,322)	(240,878)
Revenue from external customers	28,057,384	628,327	830,269	849,076	30,365,056
Profit/(loss) for the year	5,331,595	742,625	(175,285)	(239,585)	5,659,350
Finance costs	(1,096,026)	(163,912)	(204,317)	(37,354)	(1,501,609)
Share of results of jointly controlled entities	402,974	–	–	–	402,974
Share of results of associates	(87,015)	–	–	(318)	(87,333)
Income tax expenses	(4,198,185)	(252,080)	58,429	9,421	(4,382,415)
Depreciation and amortisation	(130,138)	–	(153,249)	(24,581)	(307,968)
Goodwill disposed for sale of properties (Note 9)	(4,898)	–	–	–	(4,898)
Allowance for impairment losses	(2,575)	–	(206)	(1,316)	(4,097)
Fair value gain on investment properties – net	–	659,663	–	–	659,663
Segment assets	77,377,881	13,347,220	4,407,292	534,286	95,666,679
Segment assets includes:					
Interests in jointly controlled entities	3,795,093	–	–	–	3,795,093
Interests in associates	128,553	–	–	51,290	179,843
Additions to non-current assets (other than financial instruments and deferred tax assets)	276,493	–	827,862	79,667	1,184,022
Segment liabilities	25,110,250	–	145,613	588,821	25,844,684

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2011 and the segment assets and liabilities at 31 December 2011 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	25,390,191	541,083	797,688	740,271	27,469,233
Inter-segment revenue	–	(50,039)	(39,610)	(9,489)	(99,138)
Revenue from external customers	25,390,191	491,044	758,078	730,782	27,370,095
Profit/(loss) for the year	4,510,954	451,929	(109,927)	(18,140)	4,834,816
Finance costs	(766,893)	(180,215)	(180,108)	(11,936)	(1,139,152)
Share of results of jointly controlled entities	(19,131)	–	–	–	(19,131)
Share of results of associates	116,942	–	–	1,276	118,218
Income tax expenses	(4,229,421)	(149,300)	36,642	8,692	(4,333,387)
Depreciation and amortisation	(109,030)	–	(134,503)	(6,252)	(249,785)
Goodwill disposed for sale of properties (Note 9)	(37,403)	–	–	–	(37,403)
Allowance for impairment losses	(521)	–	(448)	(283)	(1,252)
Fair value gain on investment properties – net	–	435,686	–	–	435,686
Segment assets	64,729,517	12,687,557	3,654,365	507,523	81,578,962
Segment assets includes:					
Interests in jointly controlled entities	3,355,575	–	–	–	3,355,575
Interests in associates	207,357	–	–	57,229	264,586
Additions to non-current assets (other than financial instruments and deferred tax assets)	439,700	–	–	21,882	461,582
Segment liabilities	23,485,416	–	258,789	435,731	24,179,936

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the income statement.

The amounts provided to the Executive Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

Deferred tax and available-for-sale financial assets held by the Group are not considered to be segment assets but rather are managed on a central basis.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

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

	31 December 2012	31 December 2011
Segment assets for reportable segments	95,666,679	81,578,962
Deferred income tax assets	2,696,531	2,402,822
Available-for-sale financial assets	224,000	177,100
Total assets per balance sheet	98,587,210	84,158,884

The amounts provided to the Executive Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's interest-bearing liabilities are not considered to be segment liabilities but rather are managed on a central basis.

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

	31 December 2012	31 December 2011
Segment liabilities for reportable segments	25,844,684	24,179,936
Deferred income tax liabilities	2,780,705	2,364,187
Current income tax liabilities	7,499,685	6,503,780
Current borrowings	7,212,306	10,093,357
Non-current borrowings	28,419,956	18,285,250
Total liabilities per balance sheet	71,757,336	61,426,510

6. LAND USE RIGHTS

The Group's and the Company's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	Group	
	31 December 2012	31 December 2011
Outside Hong Kong in the PRC, held on lease of:		
Between 10 and 50 years	850,398	680,069

(All amounts in RMB Yuan thousands unless otherwise stated)

6. LAND USE RIGHTS (Continued)

	Company	
	31 December 2012	31 December 2011
Outside Hong Kong in the PRC, held on lease of:		
Between 10 and 50 years	**94,213**	41,717

	Group		Company	
	2012	2011	**2012**	2011
Opening balance at 1 January	**680,069**	670,940	**41,717**	39,906
Transfer from properties under development	**190,950**	27,996	**54,349**	2,861
Disposals (Note 38)	**–**	(495)	**–**	–
Amortisation of prepaid operating lease payment	**(20,621)**	(18,372)	**(1,853)**	(1,050)
Closing balance at 31 December	**850,398**	680,069	**94,213**	41,717

Land use rights are amortised in the following category:

	Group	
	2012	2011
Selling and administrative expenses	**4,502**	3,921
Cost of sales	**12,805**	11,084
Capitalised in property, plant and equipment	**3,314**	3,367
	20,621	18,372

Land use rights pledged as collateral are as follows:

	Group		Company	
	2012	2011	**2012**	2011
Land use rights (Note 26)	**521,124**	412,006	**6,037**	–

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

	Group							
				Motor vehicles				
	Office buildings	Hotel buildings	Furniture, fixtures and equipment	Owned	Assets acquired under finance lease	Machinery	Assets under construction	Total
At 1 January 2011								
Cost	1,333,627	2,382,760	311,919	178,826	–	308,260	260,217	4,775,609
Accumulated depreciation	(72,079)	(193,675)	(162,668)	(101,788)	–	(126,255)	–	(656,465)
Net book amount	1,261,548	2,189,085	149,251	77,038	–	182,005	260,217	4,119,144
Year ended 31 December 2011								
Opening net book amount	1,261,548	2,189,085	149,251	77,038	–	182,005	260,217	4,119,144
Additions	19,779	–	17,717	35,995	–	20,936	349,523	443,950
Transfer from properties under development	67,162	–	–	–	–	–	34,738	101,900
Transfer to properties under development	(272,402)	–	–	–	–	–	–	(272,402)
Disposals (Note 38)	(35,109)	(2,681)	(751)	(220)	–	(1,371)	–	(40,132)
Depreciation (Notes 31 and 38)	(45,908)	(73,957)	(55,311)	(26,645)	–	(25,720)	–	(227,541)
Closing net book amount	995,070	2,112,447	110,906	86,168	–	175,850	644,478	4,124,919
At 31 December 2011								
Cost	1,089,313	2,379,469	327,653	213,991	–	326,062	644,478	4,980,966
Accumulated depreciation	(94,243)	(267,022)	(216,747)	(127,823)	–	(150,212)	–	(856,047)
Net book amount	995,070	2,112,447	110,906	86,168	–	175,850	644,478	4,124,919
Year ended 31 December 2012								
Opening net book amount	**995,070**	**2,112,447**	**110,906**	**86,168**	**–**	**175,850**	**644,478**	**4,124,919**
Additions	**–**	**–**	**105,322**	**45,388**	**395,325**	**10,580**	**547,316**	**1,103,931**
Transfers	**323,141**	**696,487**	**–**	**–**	**–**	**–**	**(1,019,628)**	**–**
Transfer from properties under development	**–**	**–**	**–**	**–**	**–**	**–**	**526,709**	**526,709**
Disposals (Note 38)	**(9)**	**–**	**(174)**	**(581)**	**–**	**(418)**	**–**	**(1,182)**
Depreciation (Notes 31 and 38)	**(41,809)**	**(85,119)**	**(66,752)**	**(27,045)**	**(16,762)**	**(27,690)**	**–**	**(265,177)**
Closing net book amount	**1,276,393**	**2,723,815**	**149,302**	**103,930**	**378,563**	**158,322**	**698,875**	**5,489,200**
At 31 December 2012								
Cost	**1,412,440**	**3,075,956**	**431,325**	**257,370**	**395,325**	**334,529**	**698,875**	**6,605,820**
Accumulated depreciation	**(136,047)**	**(352,141)**	**(282,023)**	**(153,440)**	**(16,762)**	**(176,207)**	**–**	**(1,116,620)**
Net book amount	**1,276,393**	**2,723,815**	**149,302**	**103,930**	**378,563**	**158,322**	**698,875**	**5,489,200**

Borrowings are secured on buildings and assets under construction for the value of RMB3,338,766,000 (2011: RMB2,562,435,000) for the Group (Note 26).

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Assets under construction mainly represent building costs and other costs incurred for the construction of office buildings and hotel buildings. For the year ended 31 December 2012, interests capitalised in assets under construction amounted to RMB11,086,000 (31 December 2011: RMB29,604,000). The capitalisation rate of borrowings for assets under construction was 7.13% for the year ended 31 December 2012 (2011: 6.94%).

	Company				
	Office buildings	Furniture, fixtures and equipment	Motor vehicles	Assets under construction	Total
At 1 January 2011					
Cost	539,171	14,846	45,624	–	599,641
Accumulated depreciation	(21,354)	(8,870)	(30,525)	–	(60,749)
Net book amount	517,817	5,976	15,099	–	538,892
Year ended 31 December 2011					
Opening net book amount	517,817	5,976	15,099	–	538,892
Additions	–	1,863	5,015	–	6,878
Transfer from properties under development	38,042	–	–	–	38,042
Disposals	(328)	(593)	–	–	(921)
Depreciation	(16,888)	(1,195)	(4,500)	–	(22,583)
Closing net book amount	538,643	6,051	15,614	–	560,308
At 31 December 2011					
Cost	576,828	15,883	50,639	–	643,350
Accumulated depreciation	(38,185)	(9,832)	(35,025)	–	(83,042)
Net book amount	538,643	6,051	15,614	–	560,308
Year ended 31 December 2012					
Opening net book amount	**538,643**	**6,051**	**15,614**	**–**	**560,308**
Additions	**–**	**1,935**	**11,047**	**284,589**	**297,571**
Transfer from properties under development	**–**	**–**	**–**	**92,965**	**92,965**
Transfers	**284,589**	**–**	**–**	**(284,589)**	**–**
Disposals	**–**	**(22)**	**(152)**	**–**	**(174)**
Depreciation	**(22,743)**	**(2,094)**	**(4,479)**	**–**	**(29,316)**
Closing net book amount	**800,489**	**5,870**	**22,030**	**92,965**	**921,354**
At 31 December 2012					
Cost	**861,417**	**17,379**	**60,805**	**92,965**	**1,032,566**
Accumulated depreciation	**(60,928)**	**(11,509)**	**(38,775)**	**–**	**(111,212)**
Net book amount	**800,489**	**5,870**	**22,030**	**92,965**	**921,354**

Borrowings are secured on office buildings and assets under construction for the value of RMB521,091,000 (2011: Nil) for the Company (Note 26).

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation was expensed in the following category in the consolidated income statement:

	Group	
	2012	2011
Selling and administrative expenses	**100,627**	67,673
Cost of sales	**164,550**	159,868
	265,177	227,541

8. INVESTMENT PROPERTIES

	Group	
	2012	2011
Opening balance at 1 January	**12,687,557**	12,461,640
Disposals (Note 38)	**–**	(77,131)
Other transfer out	**–**	(132,638)
Fair value gain – net (including in other gains – net) (Notes 30 and 38)	**659,663**	435,686
Closing balance at 31 December	**13,347,220**	12,687,557

	Company	
	2012	2011
Opening balance at 1 January	**156,052**	218,426
Disposals	**–**	(77,131)
Fair value gain – net (including in other gains-net)	**12,969**	14,757
Closing balance at 31 December	**169,021**	156,052

(All amounts in RMB Yuan thousands unless otherwise stated)

8. INVESTMENT PROPERTIES (Continued)

(a) The investment properties are located in the PRC and are held on lease of between 10 and 50 years.

(b) Amounts recognised in the consolidated income statement for investment properties

	Group	
	2012	2011
Rental income	**628,327**	491,044
Direct operating expenses arising from investment properties that generate rental income	**40,692**	39,727
Direct operating expenses that did not generate rental income	**24,691**	19,720

(c) Valuation basis

The investment properties were revalued on 31 December 2012 by independent, professionally qualified valuers. Valuations were performed using income approach based on the terms of any existing leases and other external evidence such as current market rents or sales for similar types of properties in the locality, and using capitalisation rates that reflect current market expectation for the assets being valued.

(d) Investment properties pledged as security

Investment properties pledged as collateral are as follows:

	Group		Company	
	2012	2011	**2012**	2011
Investment properties (Note 26)	**9,212,863**	8,549,379	**672,069**	103,000

(e) Leasing arrangements

Some of the investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are shown in Note 41.

The period of leases whereby the Group leases out its investment properties under operating leases ranged from 1 year to 20 years.

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INTANGIBLE ASSETS

	Group					Company
	Goodwill (Note a)	Construction licence (Note b)	Customer contracts	Software and others	Total	Software and others
At 1 January 2011						
Cost	561,466	282,000	322,000	39,721	1,205,187	29,141
Accumulated amortisation and impairment	(2,983)	–	(322,000)	(5,106)	(330,089)	(2,397)
Net book amount	558,483	282,000	–	34,615	875,098	26,744
Year ended 31 December 2011						
Opening net book amount	558,483	282,000	–	34,615	875,098	26,744
Additions	–	–	–	17,632	17,632	489
Amortisation charge	–	–	–	(7,239)	(7,239)	(2,934)
Goodwill disposed for sale of properties, charged to cost of sales (Note 38)	(37,403)	–	–	–	(37,403)	–
Closing net book amount	521,080	282,000	–	45,008	848,088	24,299
At 31 December 2011						
Cost	524,063	282,000	322,000	57,353	1,185,416	29,630
Accumulated amortisation and impairment	(2,983)	–	(322,000)	(12,345)	(337,328)	(5,331)
Net book amount	521,080	282,000	–	45,008	848,088	24,299
Year ended 31 December 2012						
Opening net book amount	**521,080**	**282,000**	**–**	**45,008**	**848,088**	**24,299**
Additions	**–**	**–**	**–**	**80,091**	**80,091**	**1,698**
Amortisation charge	**–**	**–**	**–**	**(25,484)**	**(25,484)**	**(3,065)**
Goodwill disposed for sale of properties, charged to cost of sales (Note 38)	**(4,898)**	**–**	**–**	**–**	**(4,898)**	**–**
Closing net book amount	**516,182**	**282,000**	**–**	**99,615**	**897,797**	**22,932**
At 31 December 2012						
Cost	**519,165**	**282,000**	**322,000**	**137,444**	**1,260,609**	**31,328**
Accumulated amortisation and impairment	**(2,983)**	**–**	**(322,000)**	**(37,829)**	**(362,812)**	**(8,396)**
Net book amount	**516,182**	**282,000**	**–**	**99,615**	**897,797**	**22,932**

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INTANGIBLE ASSETS (Continued)

Intangible assets are amortised in the following category:

	Group	
	2012	2011
Selling and administrative expenses	**4,320**	3,960
Cost of sales	**21,164**	3,279
	25,484	7,239

Note a:

Impairment test for goodwill

Goodwill is mainly allocated to the Group's cash generating units (CGUs) identified as the construction services unit within the property development segment. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	2012	2011
Gross margin	**9%-11%**	12%
Growth rate for the five-year period	**3%-10%**	3%-10%
Terminal growth rate	**3%**	3%
Pre-tax discount rate	**14.97%**	15.45%

Management determined budgeted gross margin based on past performance and its expectations of the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

Note b:

Impairment test for construction licence

The recoverable amount is determined by estimating the value of royalty from which the Company is exempted by virtue of the fact that it owns the licence. The value of royalty is determined by a royalty rate of the licence multiplied by the net revenue expected to be generated by the Company and then capitalised at a discounted rate. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations:

	2012	2011
Royalty rate	**1%**	1%
Growth rate for the five-year period	**3%-10%**	3%-10%
Terminal growth rate	**3%**	3%
Pre-tax discount rate	**15.56%**	15.94%

Management determined royalty rate based on past performance and industry factor. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012	2011
Investments, at cost:		
Unlisted shares	**15,510,319**	11,737,079

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

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC:						
廣州市東圃房地產開發有限公司	29 October 1997	Limited liability company	RMB20,000,000	90%	10%	Property development in the PRC
廣州市吉浩源房地產開發有限公司	3 March 2000	Limited liability company	RMB20,000,000	90%	10%	Property development in the PRC
廣州市金鼎房地產開發有限公司	31 August 1994	Limited liability company	RMB8,000,000	99.8%	0.2%	Property development in the PRC
廣州天富房地產開發有限公司	8 July 2002	Sino-foreign joint venture with limited liability	USD21,000,000	85%	–	Property development in the PRC
廣州富力興盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	Development and investment of office buildings in the PRC
廣州富力恒盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	Development and investment of hotel buildings in the PRC
廣州富力鼎盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	Development and investment of hotel buildings in the PRC
廣州富力億盛置業發展有限公司	31 August 2005	Limited liability company	RMB100,000,000	90%	10%	Property development in the PRC
廣州富力嘉盛置業發展有限公司	29 September 2005	Limited liability company	RMB400,000,000	97.5%	2.5%	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests		Principal activities and place of operations
				Direct	Indirect	
Subsidiaries – incorporated in the PRC: (Continued)						
廣州富力創盛置業發展有限公司	4 November 2005	Limited liability company	RMB360,000,000	86%	14%	Property development in the PRC
廣州富力智盛置業發展有限公司	4 November 2005	Limited liability company	RMB100,000,000	50%	50%	Property development in the PRC
廣州富力超盛置業發展有限公司	8 December 2005	Limited liability company	RMB600,000,000	100%	–	Property development in the PRC
廣州中嘉房地產開發有限公司	13 March 2006	Limited liability company	RMB10,000,000	90%	5%	Property development in the PRC
廣州市花都富力房地產開發有限公司	30 June 2006	Limited liability company	RMB100,000,000	90%	10%	Property development in the PRC
廣州永富房地產開發有限公司	19 December 2006	Limited liability company	RMB100,000,000	95%	5%	Property development in the PRC
廣州楊帆房地產開發有限公司	10 September 2007	Limited liability company	RMB100,000,000	40%	60%	Property development in the PRC
廣州德和投資發展有限公司	10 January 2006	Limited liability company	RMB300,000,000	98.67%	1.33%	Property development in the PRC
廣州市華維裝飾材料有限公司	2 April 2004	Limited liability company	RMB500,000	100%	–	Provision of interior design service in the PRC
廣州富力廣告公司	14 August 2002	Limited liability company	RMB1,010,000	90%	10%	Advertising agency in the PRC
廣州市住宅建築設計院有限公司	26 April 1995	Limited liability company	RMB5,000,000	93.84%	6.16%	Residential architecture design in the PRC
廣州天富建設工程監理有限公司	29 December 2001	Limited liability company	RMB3,010,000	–	100%	Construction supervision and consultancy in the PRC
廣州恆富擔保有限公司	24 October 2003	Limited liability company	RMB60,000,000	–	100%	Finance and consultancy in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests		Principal activities and place of operations
				Direct	Indirect	
Subsidiaries – incorporated in the PRC: (Continued)						
廣州天力建築工程有限公司	20 May 1993	Limited liability company	RMB300,000,000	90%	10%	Construction company in the PRC
廣東恒力建設工程有限公司	12 June 2001	Limited liability company	RMB15,000,000	–	100%	Construction company in the PRC
廣州天盈園林工程有限公司	28 August 2009	Limited liability company	RMB5,000,000	–	100%	Gardening and virescence construction in the PRC
廣州富力美好置業發展有限公司	10 November 2003	Limited liability company	RMB3,010,000	80%	20%	Property leasing in the PRC
廣州天力物業發展有限公司	10 December 1997	Limited liability company	RMB5,000,000	90%	10%	Property management in the PRC
富力地產集團有限公司	8 July 1994	Limited liability company	RMB120,000,000	100%	–	Investment holdings in the PRC
廣州富力國際空港綜合物流園有限公司	11 June 2006	Limited liability company	RMB10,000,000	95%	5%	Storage and logistics in the PRC
廣州富力裝飾工程有限公司	27 April 2006	Limited liability company	RMB10,000,000	90%	10%	Provision of interior design service in the PRC
廣州富力百貨商貿有限公司	24 August 2006	Limited liability company	RMB10,000,000	90%	10%	Retail business in the PRC
廣州市駿熹物業管理有限公司	13 August 2007	Limited liability company	RMB500,000	–	100%	Property management in the PRC
深圳市奔望實業發展有限公司	20 May 1997	Limited liability company	RMB6,000,000	–	100%	Investment holding in the PRC
深圳市鼎力創業投資有限公司	4 August 2003	Limited liability company	RMB100,000,000	90%	10%	Investment holdings in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: (Continued)						
惠州富力房地產開發有限公司	10 April 2007	Limited liability company	RMB100,000,000	95%	5%	Property development in the PRC
龍門富力房地產開發有限公司	6 September 2007	Limited liability company	RMB196,001,568	95%	5%	Property development in the PRC
博羅縣紅中實業發展有限公司	27 April 2004	Limited liability company	RMB250,000,000	95%	5%	Property development in the PRC
北京富力城房地產開發有限公司	24 April 2002	Limited liability company	RMB1,394,781,578	96%	4%	Property development in the PRC
富力(北京)地產開發有限公司	27 June 2002	Limited liability company	RMB100,000,000	80%	20%	Property development in the PRC
北京華恩房地產開發有限公司	5 September 2000	Limited liability company	RMB30,000,000	52%	48%	Property development in the PRC
北京地源達房地產開發有限公司	7 February 2002	Sino-foreign joint venture with limited liability	USD5,000,000	–	100%	Property development in the PRC
北京鴻高置業發展有限公司	8 June 1999	Limited liability company	RMB300,000,000	–	100%	Property development in the PRC
北京龍熙順景房地產開發有限責任公司	20 August 2001	Limited liability company	RMB21,750,000	–	100%	Property development in the PRC
北京東方長安房地產開發有限公司	6 December 2001	Limited liability company	RMB50,000,000	–	100%	Property development in the PRC
富力(香河)房地產開發有限公司	5 November 2009	Limited liability company	RMB200,000,000	–	100%	Property development in the PRC
北京恒富物業服務有限公司	12 December 2002	Limited liability company	RMB5,000,000	–	100%	Property management in the PRC
北京富力天創廣告有限公司	24 October 2002	Limited liability company	RMB1,000,000	–	100%	Advertising agency in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: (Continued)						
富力南京地產開發有限公司	8 September 2010	Limited liability company	RMB500,000,000	–	100%	Property development in the PRC
北京京城市政工程有限公司	6 March 2003	Limited liability company	RMB5,000,000	–	100%	Construction sub-contracting in the PRC
北京富力歐美園林綠化工程有限公司	6 March 2003	Limited liability company	RMB5,000,000	–	100%	Gardening and virescence construction in the PRC
北京天越門窗製造有限公司	8 August 2003	Limited liability company	RMB2,000,000	–	100%	Manufacture of aluminium frame and sales of construction and decoration materials in the PRC
北京富力會康體俱樂部有限公司	15 October 2004	Limited liability company	RMB3,000,000	–	100%	Operation of a recreational club in the PRC
北京極富房地產開發有限公司	30 August 2007	Limited liability company	RMB30,000,000	100%	–	Property development in the PRC
天津富力城房地產開發有限公司	29 November 2004	Limited liability company	RMB604,280,000	98.35%	1.65%	Property development in the PRC
天津鴻富房地產開發有限公司	30 June 2006	Limited liability company	RMB300,000,000	–	100%	Property development in the PRC
天津耀華投資發展有限公司	27 September 2002	Limited liability company	RMB535,475,234	–	100%	Property development in the PRC
天津濱海投資有限公司	25 December 2007	Limited liability company	RMB50,000,000	–	100%	Property development in the PRC
天津富景投資發展有限公司	30 December 2008	Limited liability company	RMB10,000,000	–	100%	Property development in the PRC
天津富力會休閒健身娛樂有限公司	23 October 2008	Limited liability company	RMB100,000	–	100%	Operation of a recreational club in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: (Continued)						
西安富力房地產開發有限公司	26 September 2005	Limited liability company	RMB502,507,000	80.1%	19.9%	Property development in the PRC
西安保德信房地產開發有限公司	8 August 2005	Limited liability company	RMB65,000,000	–	100%	Property development in the PRC
西安濱湖花園房地產開發有限公司	8 August 2005	Limited liability company	RMB55,000,000	–	100%	Property development in the PRC
西安富力灣房地產開發有限公司	14 September 2010	Limited liability company	RMB100,000,000	–	100%	Property development in the PRC
太原富力城房地產開發有限公司	14 August 2007	Limited liability company	RMB350,000,000	–	100%	Property development in the PRC
重慶永富房地產開發有限公司	18 December 2007	Limited liability company	RMB10,000,000	–	100%	Property development in the PRC
重慶富力房地產開發有限公司	30 December 2005	Limited liability company	RMB660,000,000	32.35%	67.65%	Property development in the PRC
廣州富力地產(重慶)有限公司	26 January 2007	Limited liability company	RMB854,500,761	93.94%	6.06%	Property development in the PRC
成都富力房地產開發有限公司	27 March 2007	Limited liability company	RMB600,000,000	98.33%	1.67%	Property development in the PRC
成都熊貓萬國商城有限公司	29 October 1997	Limited liability company	RMB80,000,000	85%	–	Property development in the PRC
成都富力熊貓城項目開發有限公司	15 August 2006	Limited liability company	RMB30,000,000	65%	–	Property development in the PRC
四川富力百貨商貿有限公司	12 March 2008	Limited liability company	RMB10,000,000	–	100%	Property operation in the PRC
上海富力房地產開發有限公司	25 April 2007	Limited liability company	RMB200,000,000	95%	5%	Property development in the PRC
上海浦衛房地產開發有限公司	18 July 2006	Limited liability company	RMB320,000,000	–	100%	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: (Continued)						
昆山新延房地產開發有限公司	16 November 2000	Limited liability company	RMB8,000,000	–	100%	Property development in the PRC
昆山國銀置業有限公司	9 July 2002	Limited liability company	RMB380,000,000	95%	5%	Property development in the PRC
海南三林發展有限公司	17 January 1995	Limited liability company	RMB25,210, 000	–	100%	Property development in the PRC
海南朝陽房地產發展有限公司	4 April 1995	Limited liability company	RMB11,060,000	–	100%	Property development in the PRC
海南三林旅業開發有限公司	7 March 1995	Limited liability company	RMB24,900,000	–	100%	Property development in the PRC
海南紅樹林度假村有限公司	24 March 1995	Limited liability company	RMB11,650,000	–	100%	Property development in the PRC
海南明強房地產發展有限公司	26 April 1995	Limited liability company	RMB11,700,000	–	100%	Property development in the PRC
海南易通生態科技有限公司	27 January 1994	Limited liability company	HKD15,000,000	–	100%	Property development in the PRC
海南怡豐房地產發展(香港)公司	27 January 1994	Limited liability company	HKD15,000,000	100%	–	Property development in the PRC
海南陵水富力灣開發有限公司	23 November 2006	Limited liability company	RMB300,000,000	100%	–	Property development in the PRC
海南富力房地產開發有限公司	29 March 2007	Limited liability company	RMB100,000,000	95%	5%	Property development in the PRC
海南那甲旅業開發有限公司	27 November 1998	Limited liability company	RMB100,000,000	99.8%	0.2%	Property development in the PRC
海南協興地產發展(香港)有限公司	26 January 1994	Limited liability company	HKD15,000,000	100%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: (Continued)						
海南天力建築工程有限公司	9 July 2010	Limited liability company	RMB20,000,000	–	100%	Construction company in the PRC
北京富源盛達房地產開發有限公司	20 January 2011	Limited liability company	RMB30,000,000	–	100%	Property development in the PRC
富力(哈爾濱)房地產開發有限公司	12 April 2011	Limited liability company	RMB100,000,000	–	100%	Property development in the PRC
文昌富力房地產開發有限公司	25 August 2011	Limited liability company	RMB100,000,000	95%	5%	Property development in the PRC
廣州富力足球俱樂部有限公司	7 July 2011	Limited liability company	RMB20,000,000	100%	–	Operation of a football club in the PRC
大同富力城房地產開發有限公司	7 November 2011	Limited liability company	RMB20,000,000	–	100%	Property development in the PRC
昆山富力會康體俱樂部有限公司	7 December 2011	Limited liability company	RMB30,000,000	–	100%	Operation of a recreational club in the PRC
廣州聖景房地產開發有限公司	27 August 2007	Limited liability company	USD80,000,000	25%	75%	Property development in the PRC
海南富力海洋歡樂世界開發有限公司	20 June 2012	Limited liability company	RMB2,000,000,000	80%	20%	Property development in the PRC
臨高富力房地產開發有限公司	20 November 2012	Limited liability company	RMB1,000,000,000	90%	10%	Property development in the PRC
海口富力會旅遊發展有限公司	16 May 2012	Limited liability company	RMB1,000,000	–	100%	Operation of a recreational club in the PRC
富力南京科技園發展有限公司	19 January 2012	Limited liability company	RMB1,000,000	–	100%	Property development in the PRC
梅縣富力足球學校	6 December 2012	Limited liability company	RMB20,000,000	100%	–	Operation of a football school in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: (Continued)						
龍門縣駿熹投資有限公司	9 August 2012	Limited liability company	RMB10,000,000	–	100%	Property development in the PRC
惠州惠陽區恆富通投資有限公司	9 August 2012	Limited liability company	RMB10,000,000	–	100%	Property development in the PRC
惠州大亞灣恆翌建設投資有限公司	9 August 2012	Limited liability company	RMB10,000,000	–	100%	Property development in the PRC
Subsidiaries – incorporated in Hong Kong:						
R&F Properties (HK) Company Limited	25 August 2005	Limited liability company	HKD10,000	100%	–	Investment holding in Hong Kong
Subsidiaries – incorporated in British Virgin Islands (BVI):						
R&F Properties (BVI) Co., Ltd.	31 March 2006	Limited liability company	USD1	–	100%	Investment holding in BVI
Palace View Investments Limited	21 March 2006	Limited liability company	USD1	–	100%	Investment holding in BVI
Maxview Investments Limited	3 April 2006	Limited liability company	USD50,000	–	100%	Investment holding in BVI
General Light Investments Limited	5 July 2011	Limited liability company	USD1	–	100%	Investment holding in BVI

Controlled special purpose entity:

Special purpose entity	Principal activities
The Company's Employee Share Trust	Purchases, administers and holds the Company's shares in respect of the Share Award Scheme set up for the benefit of eligible employees

As the Company's Employee Share Trust is set up solely for the purpose of purchasing, administrating and holding the Company's shares in respect of the Share Award Scheme, the Company has the power to govern the financial and operating policies of the Employee Share Trust. The assets and liabilities of the Employee Share Trust are included in the Group's consolidated financial statements and the shares held by the Employee Share Trust are presented as a deduction in equity as 'Shares held for Share Award Scheme'.

11. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2012	2011
At 1 January	**3,355,575**	3,384,790
Additions	**13,385**	531,199
Disposals	**(500)**	–
Acquisition of remaining interests in a jointly controlled entity	**–**	(516,697)
Share of results	**402,974**	(19,131)
Crystallisation/(elimination) of unrealised profits	**23,659**	(24,586)
At 31 December	**3,795,093**	3,355,575

	Company	
	2012	2011
At 1 January	**583,040**	697,369
Additions	**4,000**	23,893
Disposals	**(500)**	–
Acquisition of remaining interests in a jointly controlled entity	**–**	(138,222)
At 31 December	**586,540**	583,040

The results of the Group's principal jointly controlled entities, all of which are unlisted, and their aggregated assets and liabilities are as follows:

Name	Particulars of issued shares held	Country of incorporation	Assets RMB'000	Liabilities RMB'000	Profit/(loss) RMB'000	% interest held at 31 December 2012 Direct	Indirect
Value Success Investments Limited ("Value Success")	USD10,000	BVI	152,362	126,164	180	–	66.67%
富力(瀋陽)商務咨詢有限公司("富力(瀋陽)")	USD20,000,000	PRC	136,458	120	(592)	–	66.67%
瀋陽富力會餐飲服務有限公司("瀋陽富力會")	RMB500,000	PRC	149	1,491	(958)	–	66.67%
瀋陽億隆房屋開發有限公司("瀋陽億隆")	RMB20,000,000	PRC	696,537	602,568	12,724	–	66.67%
惠州富茂房地產開發有限公司("惠州富茂")	RMB500,000,000	PRC	1,774,287	1,340,697	(36,108)	–	50%
廣州市富景房地產開發有限公司("廣州富景")	HKD1,993,000,000	PRC	7,068,739	4,598,713	768,950	33.34%	–
天津津南新城房地產開發有限公司("津南新城")	RMB3,667,300,000	PRC	8,614,231	5,101,537	(8,707)	–	25%
天津和安房地產開發有限公司("天津和安")	RMB10,000,000	PRC	8,381	–	(1,746)	–	25%
Hines Shanghai New Jiangwan Development Co., Ltd ("Hines Shanghai")	USD50,000	Cayman Islands	1,682,580	1,003,284	(50,578)	–	50%
上海城投悦城置業有限公司("上海悦城")	RMB855,000,000	PRC	3,677,827	1,856,148	326,218	–	50%
廣州市森華房地產有限公司("森華房地產")	RMB4,000,000	PRC	475,315	469,748	(2,270)	50%	–

Pursuant to the joint venture agreements, these entities are jointly controlled by the Group and other parties. None of the participating parties has unilateral control over the entities by obtaining more than one-half of the voting rights.

11. INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

The proportionate interest in commitments relating to the Group's interests in jointly controlled entities were RMB1,563,865,000 as at 31 December 2012 (2011: RMB284,989,000).

There are no contingent liabilities relating to the Group's interests in jointly controlled entities.

12. INTERESTS IN ASSOCIATES

	Group	
	2012	2011
At 1 January	**264,586**	137,866
Additions	**–**	16,502
Disposals	**(5,621)**	(8,000)
Share of results	**(79,122)**	118,218
At 31 December	**179,843**	264,586

	Company	
	2012	2011
At 1 January	**138,466**	134,464
Additions	**–**	4,002
At 31 December	**138,466**	138,466

The results of the Group's principal associates, all of which are unlisted, and their aggregated assets and liabilities are as follows:

Name	Particulars of issued shares held	Country of incorporation	Assets	Liabilities	Revenues	Profit/(loss)	% Interest held at 31 December 2012 Direct	Indirect
			RMB'000	RMB'000	RMB'000	RMB'000		
北京富盛利房地產經紀有限公司 ("北京富盛利")	RMB91,913,000	PRC	256,229	127,381	1,934	(1,500)	–	30%
廣州利合房地產開發有限公司 ("廣州利合") (Note (a))	HKD750,000,000	PRC	22,255,905	21,677,077	1,460,421	(437,937)	20%	–
北京粵商投資股份有限公司 ("北京粵商")	RMB57,000,000	PRC	64,435	6,818	2,050	600	–	22%
廣州盛安創富投資管理有限公司 ("盛安創富")	RMB20,000,000	PRC	61,102	10,278	41,035	30,727	20%	–

(All amounts in RMB Yuan thousands unless otherwise stated)

12. INTERESTS IN ASSOCIATES (Continued)

(a) 廣州利合 is principally engaged in the development of a real estate project in Guangzhou. The development of the project consists of three phases. Pursuant to the agreed payment schedule, 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 totalling RMB7,700,000,000 which remained unsettled. Management of 廣州利合 is in the process of negotiating with related authorities the repayment schedule of this outstanding land premium. Based on the continuing negotiation initiated by the management of 廣州利合 and their consultation with external lawyer, as well as discussions amongst the shareholders of 廣州利合, the directors of the Company consider that the delayed payment of land premium does not render significant adverse impact on the financial position and results of operation of the Group as at and for the year ended 31 December 2012.

There are no other contingent liabilities relating to the Group's interests in associates.

The proportionate interest in commitments relating to the Group's interests in associates were RMB165,425,000 as at 31 December 2012 (2011: Nil).

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2012	2011
At 1 January	**177,100**	182,700
Fair value gain/(loss) recognised in comprehensive income before tax	**46,900**	(5,600)
At 31 December	**224,000**	177,100

As at 31 December 2012 and 2011, available-for-sale financial assets represented the Group's equity investments in Guangzhou Securities Co., Ltd. ("Guangzhou Securities"), which are not quoted in active market.

As at 31 December 2012 and 2011, the Group holds 4.88% of equity interests in Guangzhou Securities.

There were no impairment provisions on available-for-sale financial assets during the year (2011: Nil).

The fair value of the Group's available-for-sale financial assets was revalued on 31 December 2012 by independent, qualified valuer. Respective fair value gain on the equity investments was charged to 'other comprehensive income'. Valuation was performed based on the market approach, which was by reference to fair values of other instruments that are substantially the same, maximising the use of observable market data and rely as little as possible on entity specific estimates.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. PROPERTIES UNDER DEVELOPMENT

	Group	
	31 December 2012	31 December 2011
To be recovered after more than 12 months	**17,307,304**	14,013,286
To be recovered within 12 months	**22,120,091**	19,074,494
	39,427,395	33,087,780
Amount comprises:		
Land use rights	**24,913,583**	17,196,780
Construction costs and capitalised expenditures	**13,267,189**	15,164,384
Finance costs capitalised	**1,246,623**	726,616
	39,427,395	33,087,780

	Company	
	31 December 2012	31 December 2011
To be recovered after more than 12 months	**2,302,792**	861,505
To be recovered within 12 months	**851,761**	2,256,559
	3,154,553	3,118,064
Amount comprises:		
Land use rights	**2,249,103**	1,112,542
Construction costs and capitalised expenditures	**658,981**	1,653,518
Finance costs capitalised	**246,469**	352,004
	3,154,553	3,118,064

The Group had made payments for land use rights of RMB8,635,717,000 as at 31 December 2012 (2011: RMB5,025,945,000), for which the Group was in the process of applying for formal land use rights certificates.

The Company had made payments for land use rights of RMB1,705,477,000 as at 31 December 2012 (2011: RMB617,528,000), for which the Company was in the process of applying for formal land use rights certificates.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. PROPERTIES UNDER DEVELOPMENT (Continued)

The capitalisation rate of borrowings is as follows:

	Group		Company	
	2012	2011	**2012**	2011
Capitalisation rate	**9.50%**	6.20%	**6.63%**	5.95%

Properties under development pledged as collateral is as follows:

	Group	
	2012	2011
Properties under development (Note 26)	**6,284,312**	3,160,585

All properties under development are located in the PRC.

15. COMPLETED PROPERTIES HELD FOR SALE

	Group	
	31 December 2012	31 December 2011
Land use rights	**1,775,934**	1,524,513
Construction costs and capitalised expenditures	**5,910,741**	4,232,832
Finance costs capitalised	**277,613**	278,200
	7,964,288	6,035,545

	Company	
	31 December 2012	31 December 2011
Land use rights	**267,659**	227,857
Construction costs and capitalised expenditures	**832,536**	774,596
Finance costs capitalised	**112,283**	84,467
	1,212,478	1,086,920

(All amounts in RMB Yuan thousands unless otherwise stated)

15. COMPLETED PROPERTIES HELD FOR SALE (Continued)

Completed properties held for sale pledged as collateral is as follows:

	Group		Company	
	2012	2011	**2012**	2011
Completed properties held for sale (Note 26)	**312,372**	526,891	**217,077**	19,470

All completed properties held for sale are located in the PRC and are stated at cost.

16. INVENTORIES

	Group	
	31 December 2012	31 December 2011
Construction materials	**290,337**	263,337
Inventories for hotel operations	**15,475**	8,521
	305,812	271,858

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2012	2011	**2012**	2011
Trade receivables				
– Due from jointly controlled entities (Notes (a) and 42(xi))	**99,305**	96,754	**–**	–
– Due from third parties (Note (a))	**2,912,248**	1,827,962	**180,413**	202,020
	3,011,553	1,924,716	**180,413**	202,020
Less: allowance for impairment of trade receivables (Note (a))	**(1,818)**	(2,737)	**(1,022)**	(1,941)
Trade receivables – net	**3,009,735**	1,921,979	**179,391**	200,079
Other receivables (Note (b))	**2,714,903**	2,992,091	**2,034,929**	2,518,066
Prepayments (Note (c))	**1,084,430**	2,492,803	**90,590**	8,120
Due from subsidiaries (Note (d))	**–**	–	**3,373,758**	5,685,896
Due from jointly controlled entities (Note 42 (xi))	**1,317,840**	1,269,600	**332,280**	1,234,083
Due from associates (Note 42 (xi))	**1,139,377**	1,142,648	**1,139,377**	1,139,377
Less: allowance for impairment of other receivables (Note (f))	**(33,012)**	(27,996)	**(4,597)**	(4,785)
Total (Note (e))	**9,233,273**	9,791,125	**7,145,728**	10,780,836
Less: non-current portion	**(1,624,219)**	(2,209,693)	**(322,090)**	(1,260,620)
Current portion	**7,609,054**	7,581,432	**6,823,638**	9,520,216

(All amounts in RMB Yuan thousands unless otherwise stated)

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

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

(a) Trade receivables

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balances within 90 days as specified in the sale and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables at 31 December 2012 is as follows:

	Group		Company	
	2012	2011	**2012**	2011
0 to 90 days	**2,010,999**	906,943	**116,689**	127,134
91 to 180 days	**149,012**	428,877	**6,560**	8,131
181 to 365 days	**350,790**	389,779	**13,507**	1,120
1 year to 2 years	**386,827**	102,765	**4,769**	27,892
Over 2 years	**113,925**	96,352	**38,888**	37,743
	3,011,553	1,924,716	**180,413**	202,020

Trade receivables are analysed as below:

	Group		Company	
	2012	2011	**2012**	2011
Fully performing under credit terms	**2,849,395**	1,742,691	**179,391**	200,079
Past due but not impaired	**160,340**	179,288	**–**	–
Non-performing and impaired	**1,818**	2,737	**1,022**	1,941
Trade receivables	**3,011,553**	1,924,716	**180,413**	202,020
Less: allowance for impairment	**(1,818)**	(2,737)	**(1,022)**	(1,941)
Trade receivables – net	**3,009,735**	1,921,979	**179,391**	200,079

As at 31 December 2012, trade receivables of RMB1,818,000 were impaired and fully provided for (31 December 2011: RMB2,737,000). The individually impaired receivables mainly relate to certain independent customers which are in unexpectedly difficult economic situations.

For past due but not impaired receivables, the Group has the right to cancel the sales contracts and take over the legal title and possession of the underlying properties for re-sales. Therefore, the Directors consider that the receivables would be recovered and no provision was made against these receivables as at 31 December 2012 (31 December 2011: Nil).

(All amounts in RMB Yuan thousands unless otherwise stated)

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables (Continued)

Movements on the allowance for impairment of trade receivables are as follows:

	Group		Company	
	2012	2011	**2012**	2011
At 1 January	**2,737**	2,756	**1,941**	1,941
Reversal for doubtful debts (Notes 31 and 38)	**(919)**	(19)	**(919)**	–
At 31 December	**1,818**	2,737	**1,022**	1,941

(b) Other receivables

The ageing analysis of other receivables at 31 December 2012 is as follows:

	Group		Company	
	2012	2011	**2012**	2011
0 to 1 year	**788,639**	781,683	**99,859**	417,954
1 year to 2 years	**351,634**	2,094,769	**123,252**	2,042,295
2 year to 3 years	**1,505,633**	77,916	**1,489,023**	50,029
Over 3 years	**68,997**	37,723	**322,795**	7,788
	2,714,903	2,992,091	**2,034,929**	2,518,066

It mainly represents deposits for acquisitions of land use rights through tendering system. Such deposits will be transferred to prepayments when the tender is successful. Payments on land acquisitions will be made in accordance with the payment terms as stipulated in the land acquisition contracts. The land acquisition costs which are contracted but not provided for are included in commitments (Note 40).

Other receivables are analysed as below:

	Group		Company	
	2012	2011	**2012**	2011
Performing under normal business	**2,681,891**	2,964,095	**2,030,332**	2,513,281
Non-performing and impaired	**33,012**	27,996	**4,597**	4,785
Other receivables	**2,714,903**	2,992,091	**2,034,929**	2,518,066
Less: allowance for impairment	**(33,012)**	(27,996)	**(4,597)**	(4,785)
Other receivables – net	**2,681,891**	2,964,095	**2,030,332**	2,513,281

(All amounts in RMB Yuan thousands unless otherwise stated)

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(c) It mainly represents prepayments for acquisitions of land use rights and prepayments for purchases of construction materials.

(d) The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

(e) The carrying amounts of the Group's trade and other receivables and prepayments as at 31 December 2012 and 2011 are denominated in RMB.

(f) Movements on the allowance for impairment of other receivables are as follows:

	Group		Company	
	2012	2011	**2012**	2011
At 1 January	**27,996**	26,725	**4,785**	5,299
Allowance for doubtful debts (Notes 31 and 38)	**13,875**	12,893	**213**	846
Reversal of allowance for doubtful debts (Notes 31 and 38)	**(8,859)**	(11,622)	**(401)**	(1,360)
At 31 December	**33,012**	27,996	**4,597**	4,785

18. TIME DEPOSITS

The initial term of time deposits was for one year, and the interest rate was 3.5% for the year ended 31 December 2011. The Group's time deposits are denominated in RMB.

19. RESTRICTED CASH

	Group		Company	
	2012	2011	**2012**	2011
Guarantee deposits for construction of pre-sold properties (Note (a))	**3,314,625**	1,794,984	**482,132**	244,293
Guarantee deposits for resettlement costs (Note (b))	**21,164**	22,365	**10,878**	10,840
Guarantee deposits for construction payable (Note (c))	**762,954**	849,412	**694,057**	712,289
Guarantee deposits for borrowings (Note (d))	**1,459,064**	11,540	**–**	–
Guarantee deposits for mortgage loans provided to customers (Note (e))	**20,491**	59,201	**–**	–
Guarantee deposits for interests of senior notes (Note (f))	**225,686**	144,205	**–**	–
Others (Note (g))	**31,638**	17,913	**12,519**	–
	5,835,622	2,899,620	**1,199,586**	967,422

(All amounts in RMB Yuan thousands unless otherwise stated)

19. RESTRICTED CASH (Continued)

Note:

(a) In accordance with relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

(b) In accordance with relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at designated bank accounts the resettlement costs payable to the owners or residents of the existing buildings being demolished for development. The deposits can only be used for such resettlement costs according to the payment schedule.

(c) According to relevant construction contracts, certain property development companies of the Group are required to place at designated bank accounts certain amount of the construction payable as cash collateral. Such guarantee deposits will only be released after settlement of the construction payables.

(d) Pursuant to a bank loan agreement, the Group is required to place all proceeds from lease of a property, which has been pledged to the bank as collateral, in a designated bank account. The deposit can be drawn out only after obtaining approval from the bank. As at 31 December 2012, the guarantee deposits amounted to RMB8,892,000 (31 December 2011: RMB11,540,000).

Pursuant to a funding agreement, the Group is required to place all proceeds from the construction project at a designated bank account. The deposit can be drawn out only after obtaining approval from the bank. As at 31 December 2012, the guarantee deposits amounted to RMB450,172,000 (31 December 2011: Nil).

Pursuant to a bank loan agreement, the Group is required to place at a designated bank account certain amount as cash collateral. Such guarantee deposits will only be released after full repayment of borrowings. As at 31 December 2012, the guarantee deposits amounted to RMB1,000,000,000 (31 December 2011: Nil).

(e) According to relevant contracts, certain property development companies of the Group are required to place at designated bank accounts certain amount as cash collateral of mortgage loans advanced to property purchasers. Such guarantee deposits will only be released after full repayment of the mortgage loans.

(f) According to the relevant contract, the Group is required to place certain cash deposits at a designated bank account as security for payment of interests of senior notes. Such guarantee deposits will only be released after payment of interests.

(g) Others mainly include guarantee deposits for letters of credit, salary payments for construction workers and dividend deposits for Share Award Scheme.

The restricted cash is denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
RMB	**5,681,940**	2,836,685	**1,187,416**	967,422
HKD	**21,062**	11,540	**12,170**	–
USD	**132,620**	51,395	**–**	–
	5,835,622	2,899,620	**1,199,586**	967,422

The Directors of the Group are of the view that the restricted cash listed above will be released within one year.

(All amounts in RMB Yuan thousands unless otherwise stated)

20. CASH

	Group		Company	
	2012	2011	**2012**	2011
Cash at bank and on hand	**7,026,092**	4,826,243	**335,362**	518,468

	Group		Company	
	2012	2011	**2012**	2011
Denominated in:				
– RMB	**6,624,155**	4,725,183	**312,617**	516,666
– USD	**377,783**	85,443	**4,218**	1,334
– HKD	**24,154**	15,617	**18,527**	468
	7,026,092	4,826,243	**335,362**	518,468

The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

The table below shows the restricted cash, time deposits and cash at bank balances of the major counterparties with external credit ratings as at 31 December 2012 and 2011.

	Group		Company	
Counterparties with external credit rating (Note)	**2012**	2011	**2012**	2011
A1	**7,169,915**	4,723,765	**691,431**	674,705
A2	**74,963**	–	**12,808**	–
A3	**488,286**	315,176	**–**	–
Aa3	**359,480**	–	**10,226**	–
Baa2	**460,273**	171,910	**30,265**	19,036
Baa3	**1,087,258**	824,175	**53,640**	20,039
Ba1	**1,522,411**	28,091	**1,510**	812
Ba2	**58,560**	79,169	**6,246**	6,629
Others and cash in hand	**1,640,568**	2,883,577	**728,822**	764,669
	12,861,714	9,025,863	**1,534,948**	1,485,890

Note: The credit ratings are sourced from Moody's.

21. SHARE CAPITAL

	Number of shares (thousands)	Share capital	Share premium	Total
At 31 December 2012 and 2011				
– domestic shares	2,207,108	551,777	–	551,777
– H shares*	1,015,259	253,815	3,636,625	3,890,440
	3,222,367	805,592	3,636,625	4,442,217

* H shares refer to the Company's shares listed on The Main Board of Stock Exchange of Hong Kong Limited.

As at 31 December 2012 and 2011, the registered, issued and fully paid capital of the Company was RMB805,592,000 divided into 3,222,367,000 shares of RMB0.25 each, comprising 2,207,108,000 domestic shares and 1,015,259,000 H shares.

22. RETAINED EARNINGS

	Group		Company	
	2012	2011	**2012**	2011
Balance at 1 January	**17,569,730**	14,661,501	**1,711,677**	2,217,561
Profit for the year	**5,501,979**	4,841,650	**2,364,633**	1,427,537
Dividends	**(1,595,585)**	(1,933,421)	**(1,595,585)**	(1,933,421)
Balance at 31 December	**21,476,124**	17,569,730	**2,480,725**	1,711,677

23. OTHER RESERVES

	Share premium	Available-for-sale financial assets	Statutory reserve	Total
Group and Company				
Balance at 1 January 2011	3,636,625	144,859	539,144	4,320,628
Fair value loss of available-for-sale financial assets, net of tax	–	(4,200)	–	(4,200)
Balance at 31 December 2011	3,636,625	140,659	539,144	4,316,428
Balance at 1 January 2012	**3,636,625**	**140,659**	**539,144**	**4,316,428**
Fair value gain of available-for-sale financial assets, net of tax	**–**	**35,175**	**–**	**35,175**
Balance at 31 December 2012	**3,636,625**	**175,834**	**539,144**	**4,351,603**

(All amounts in RMB Yuan thousands unless otherwise stated)

23. OTHER RESERVES (Continued)

Note:

(a) According to the rules and regulations applicable to the Group's subsidiaries in the PRC, when distributing net profit of each year, these subsidiaries shall set aside 10% of their net profits as reported in their statutory accounts for the statutory reserve fund until the balance of such fund has reached 50% of its registered capital.

(b) Statutory reserve forms part of the shareholders' funds and is not distributable other than on liquidation.

(c) Share premium can be utilised for increasing paid-up capital as approved by the Directors.

24. SHARES HELD FOR SHARE AWARD SCHEME

	Group and Company	
	2012	2011
Balance at 1 January	**165,924**	–
Shares purchased for Share Award Scheme	**1,440**	165,924
Balance at 31 December	**167,364**	165,924

On 23 August 2011, a Share Award Scheme (the "Scheme") has been approved and adopted by the Board of Directors of the Company. The terms of the Scheme provide for H shares of the Company to be awarded to eligible employees of the Group as part of their compensation package. Such shares would be vested progressively over the vesting period after the awards are granted, provided that the relevant awardees remained employed by the Group or retired on reaching normal retirement age.

Shares awarded under the Scheme shall be subject to a vesting schedule as follows:

(i) 33.3% on the first anniversary date of the award date;

(ii) 33.3% on the second anniversary date of the award date; and

(iii) 33.4% on the third anniversary date of the award date.

Before vesting, the Awarded Shares are held in a trust set up by the Scheme (the "Employee Share Trust").

As at 31 December 2012, the Employee Share Trust held 28,000,000 H shares through purchases on the open market at a total cost of RMB167,364,000 (31 December 2011: RMB165,924,000), which was debited to 'Shares held for Share Award Scheme'.

As at 31 December 2012, the shares held for Share Award Scheme have not been awarded to eligible employees.

(All amounts in RMB Yuan thousands unless otherwise stated)

25. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2012	2011	**2012**	2011
Amounts due to subsidiaries (Note (b))	**–**	–	**10,939,553**	9,512,624
Amounts due to jointly controlled entities (Notes (b) and 42 (xi))	**1,096,399**	809,056	**–**	90,000
Amounts due to associates (Notes (b) and 42 (xi))	**–**	70,290	**–**	3,992
Construction payables (Note (c))	**7,092,377**	6,071,992	**1,048,086**	830,052
Other payables and accrued charges (Note (d))	**4,490,703**	3,173,600	**352,054**	375,658
	12,679,479	10,124,938	**12,339,693**	10,812,326

(a) The carrying amounts of the Group's accruals and other payables are denominated in RMB, except for balance due to a jointly controlled entity amounted to RMB366,415,000 as at 31 December 2012 (31 December 2011: RMB457,164,000) which is denominated in HKD.

(b) The amounts are unsecured, interest free and are repayable on demand.

(c) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis for trade payables is presented.

(d) The balance mainly represents interest payables, accruals and other tax payables excluding income tax.

(e) The carrying amounts of accruals and other payables approximate their fair value.

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS

	Group		Company	
	2012	2011	**2012**	2011
Non-current				
Long-term borrowings				
Bank loans (Note (a))				
– Secured	**11,852,778**	8,570,135	**1,113,000**	62,000
– Unsecured	**6,035,250**	9,494,900	**3,116,000**	4,826,000
	17,888,028	18,065,035	**4,229,000**	4,888,000
Corporate bonds (Note (b))				
– Unsecured	**5,497,684**	5,455,924	**5,497,684**	5,455,924
Senior notes (Note (c))				
– Unsecured	**4,948,275**	3,505,615	**–**	–
Other borrowings (Note (d))				
– Secured	**5,679,935**	1,000,000	**110,000**	–
Finance lease liabilities (Note (e))	**186,288**	–	**–**	–
Less: current portion of long-term borrowings	**(5,780,254)**	(9,741,324)	**(1,624,000)**	(6,997,924)
	28,419,956	18,285,250	**8,212,684**	3,346,000
Current				
Short-term borrowings				
Bank loans (Note (a))				
– Secured	**1,184,052**	154,033	**–**	–
– Unsecured	**150,000**	198,000	**–**	–
	1,334,052	352,033	**–**	–
Other borrowings (Note (d))				
– Unsecured	**98,000**	–	**–**	–
	1,432,052	352,033	**–**	–
Current portion of long-term borrowings	**5,780,254**	9,741,324	**1,624,000**	6,997,924
Total borrowings	**35,632,262**	28,378,607	**9,836,684**	10,343,924

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (continued)

(a) Bank loans

The exposure of the Group's bank loans to interest-rate changes and the contractual repricing dates are all within one year.

(i) The maturity of bank loans is as follows:

	Group		Company	
	2012	2011	**2012**	2011
Within one year	**6,075,772**	4,637,433	**1,624,000**	1,542,000
Between one and two years	**3,347,000**	5,249,500	**1,606,000**	2,010,000
Between two and five years	**6,031,182**	4,746,400	**999,000**	1,336,000
Over five years	**3,768,126**	3,783,735	**–**	–
Total bank loans	**19,222,080**	18,417,068	**4,229,000**	4,888,000

(ii) The carrying amounts of bank loans are denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
RMB	**19,068,028**	18,263,035	**4,229,000**	4,888,000
HKD	**154,052**	154,033	**–**	–
	19,222,080	18,417,068	**4,229,000**	4,888,000

(iii) Interests are charged based on floating rates on outstanding principals and the weighted average effective interest rates at the balance sheet date are as follows:

	2012	2011
RMB bank loans – floating rates	**6.45%**	5.93%
HKD bank loans – floating rates	**2.75%**	1.79%

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (continued)

(a) Bank loans (continued)

(iv) The carrying amounts and fair value of the non-current bank loans are as follows:

	Group			
	Carrying amounts		**Fair values**	
	2012	2011	**2012**	2011
Bank loans	**13,146,308**	13,779,635	**13,159,766**	13,861,547

	Company			
	Carrying amounts		**Fair values**	
	2012	2011	**2012**	2011
Bank loans	**2,605,000**	3,346,000	**2,634,394**	3,364,530

The carrying amounts of non-current bank loans approximate their fair values as all such bank loans are with floating interest rates. The fair values are based on cash flows discounted at the borrowing rate of 6.60% (2011: 6.09%)

The carrying amounts of short-term bank loans approximate their fair values.

(b) Corporate bonds

The Company issued 55,000,000 corporate bonds at a par value of RMB5.5 billion in the PRC on 23 October 2009. The bonds will mature after five years from the issue date at their nominal value of RMB5.5 billion.

On 12 November 2009, the corporate bonds are listed on the Shanghai Stock Exchange.

The principal terms of the corporate bonds are as follows:

(i) Interest rate

The interest rate of the corporate bonds is fixed at 6.85% per annum. On the third anniversary of the issue date, the Company has an option to increase the interest rate by up to 100 basis points for the remaining periods.

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (continued)

(b) Corporate bonds (continued)

(ii) Maturity

The corporate bonds will mature after five years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

Effective from 23 October 2012, the third anniversary of the issue date, the Company increased the interest rate for the remaining two years by 30 basis points to 7.15% per annum. No early redemption option was executed upon the third anniversary of the issue date. Accordingly, the corporate bonds were recorded as non-current liabilities in the Group's consolidated balance sheet as at 31 December 2012.

The effective interest rate of the corporate bonds is 7.18%.

The movement of the corporate bonds is set out below:

	Group and Company	
	2011	2010
Amortised cost as at 1 January	**5,455,924**	5,442,161
Interest charged (Note 33)	**421,675**	390,513
Interest included in other payables	**(379,915)**	(376,750)
Amortised cost as at 31 December	**5,497,684**	5,455,924

The fair value of the corporate bonds as at 31 December 2012 amounted to RMB5,695,250,000 (31 December 2011: RMB5,512,650,000). The value is determined directly by references to the price quotations published by the Shanghai Stock Exchange on 31 December 2012, the last dealing date of 2012.

(c) Senior notes

(i) 2011 Notes

On 29 April 2011, a subsidiary of the Group, Big Will Investments Limited ("Big Will") issued 7% senior notes due 29 April 2014 in the aggregate nominal value of RMB2,612,000,000 and 10.875% senior notes due 29 April 2016 in the aggregate nominal value of USD150,000,000 (equivalent to approximately RMB979,500,000) at face value (the "2011 Notes"). The net proceeds of the 2011 Notes, after deducting the transaction costs, amounted to RMB3,527,947,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (continued)

(c) Senior notes (continued)

(ii) 2012 Notes

On 29 August 2012, Bill Will issued 10.875% senior notes due April 2016 in the aggregate principal amount of USD238,000,000 with the issue price 97.061% of the principal amount, plus accrued interest from (and including) 29 April 2012 to (but excluding) 29 August 2012 (the "2012 Notes"). The net proceeds of the 2012 Notes, after deducting the transaction costs, amounted to RMB1,436,117,000.

The 2011 Notes and the 2012 Notes are jointly guaranteed by certain subsidiaries of the Group.

Subject to certain exceptions, the issuer may at its option redeem all of the 2011 Notes and the 2012 Notes at a redemption price equal to 100% of the principal amount plus applicable premium, together with accrued and unpaid interest, if any, to the date fixed by the issuer for redemption.

The effective interest rate of senior notes ranged from 7.70% to 12.25%.

The movement of senior notes is set out below:

	Group	
	2012	2011
Carrying amount at 1 January/date of issuance of the 2011 Notes	**3,505,615**	3,527,947
Initial cost at the date of issuance of the 2012 Notes	**1,436,117**	–
Interest charged (Note 33)	**361,817**	204,377
Interest included in other payables	**(340,582)**	(194,375)
Exchange gain	**(14,692)**	(32,334)
Carrying amount as at 31 December	**4,948,275**	3,505,615

The carrying amount of senior notes are denominated in the following currencies:

	Group	
	2012	2011
RMB	**2,589,551**	2,574,004
USD	**2,358,724**	931,611
	4,948,275	3,505,615

The fair value of the senior notes as at 31 December 2012 amounted to RMB5,338,582,000 (31 December 2011: RMB2,664,041,000). The value is determined directly by reference to the price quotations published by Bloomberg on 31 December 2012, the last trading date of 2012.

26. BORROWINGS (continued)

(d) Other borrowings

Certain subsidiaries of the Group principally engaged in property development and construction (the "Project Companies") have entered into certain funding arrangements with certain financial institutions (the "Trustees"), under which the Trustees have raised funds from third parties and injected the funds to the Project Companies. Details of the four major funding arrangements are set out below:

Project Company	Trustee	Principal amount (RMB'000)	Date of borrowing	Maturity Date
Project Company I	Trustee I	1,000,000	13 July 2011	12 January 2013
Project Company II	Trustee II *	3,242,000	19 January 2012	18 July 2014
Project Company III	Trustee III	849,739	17 April 2012	16 September 2014
Project Company IV	Trustee IV	500,000	8 August 2012	8 February 2014

* Trustee II is managed by 盛安創富, which is an associate of the Company and certain directors of the Company are also the minority shareholders.

The effective interest rate of the four funding arrangements ranged from 13% to 16.03%.

The movement of other borrowings is set out below:

	Group	
	2012	2011
Initial cost at 1 January/date of borrowing	**1,000,000**	1,000,000
Additions	**4,738,133**	–
Interest charged (Note 33)	**699,743**	62,111
Interest included in other payables	**(659,941)**	(62,111)
Carrying amount as at 31 December	**5,777,935**	1,000,000

The carrying amounts of other borrowings appropriate the fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (continued)

(e) Finance lease liabilities

In April 2012, a subsidiary of the Company (the "Lessee") entered into an aircraft rental agreement with an independent third party under financial lease (the "Arrangement"). Under the Arrangement, the Lessee leased an aircraft for an agreed term of five years commencing 15 April 2012. At the maturity date of the lease, the Lessee has an option to purchase the aircraft at a consideration of RMB94,830,000. The lease liabilities were effectively secured as the rights to the leased asset would be reverted to the lessor in the event of default.

	31 December 2012
Gross finance lease liabilities – minimum lease payments	
No later than 1 year	**50,222**
Later than 1 year and no later than 5 years	**163,223**
	213,445
Future finance charges on finance leases	**(27,157)**
Present value of finance lease liabilities	**186,288**
The present value of finance lease liabilities is as follows:	
No later than 1 year	**38,534**
Later than 1 year and no later than 5 years	**147,754**
	186,288

(f) As at 31 December 2012, bank loans and other borrowings totalling RMB18,716,765,000 (31 December 2011: RMB9,724,168,000) of the Group and RMB1,223,000,000 (31 December 2011: RMB62,000,000) of the Company were secured by the following:

	Group		**Company**	
	2012	2011	**2012**	2011
Land use rights (Note 6)	**521,124**	412,006	**6,037**	–
Property, plant and equipment (Note 7)	**3,338,766**	2,562,435	**521,091**	–
Investment properties (Note 8)	**9,212,863**	8,549,379	**672,069**	103,000
Properties under development (Note 14)	**6,284,312**	3,160,585	**–**	–
Completed properties held for sale (Note 15)	**312,372**	526,891	**217,077**	19,470
Restricted cash	**1,450,172**	–	**–**	–
Equity investments in a subsidiary	**95,000**	–	**–**	–
	21,214,609	15,211,296	**1,416,274**	122,470

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (continued)

(f) As at 31 December 2012, bank loans and other borrowings totalling RMB18,716,765,000 (31 December 2011: RMB9,724,168,000) of the Group and RMB1,223,000,000 (31 December 2011: RMB62,000,000) of the Company were secured by the following: (continued)

The majority of unsecured bank loans and other borrowings are supported by guarantees. Details are as follows:

	Group		Company	
	2012	2011	**2012**	2011
Guarantors				
The Company	**3,119,250**	4,866,900	**–**	–
Subsidiaries	**1,100,000**	1,610,000	**1,100,000**	1,610,000
	4,219,250	6,476,900	**1,100,000**	1,610,000

27. TAX PREPAYMENTS

Details of tax prepayments are as follows:

	Group		Company	
	2012	2011	**2012**	2011
Enterprise income tax prepayments	**287,825**	346,177	**8,667**	23,419
Land appreciation tax prepayments	**286,696**	300,310	**12,170**	39,148
Business tax prepayments	**735,780**	754,663	**23,778**	71,205
Other tax prepayments	**4,345**	4,847	**–**	529
	1,314,646	1,405,997	**44,615**	134,301

Tax prepayments are calculated based on certain percentage of cash received from pre-sale of properties.

28. DEFERRED INCOME TAX

There were no offsettings of deferred income tax assets and liabilities in 2012 and 2011.

	Group	
	2012	2011
Deferred tax assets:		
– Deferred tax assets to be recovered after 12 months	**1,878,815**	1,545,484
– Deferred tax assets to be recovered within 12 months	**817,716**	857,338
	2,696,531	2,402,822
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after 12 months	**(2,336,480)**	(2,137,199)
– Deferred tax liabilities to be recovered within 12 months	**(444,225)**	(226,988)
	(2,780,705)	(2,364,187)

(All amounts in RMB Yuan thousands unless otherwise stated)

28. DEFERRED INCOME TAX (Continued)

	Company	
	2012	2011
Deferred tax assets:		
– Deferred tax assets to be recovered after 12 months	**9,050**	13,974
– Deferred tax assets to be recovered within 12 months	**151,685**	115,950
	160,735	129,924
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after 12 months	**(76,994)**	(61,650)
– Deferred tax liabilities to be recovered within 12 months	**(20,744)**	(33,838)
	(97,738)	(95,488)

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

	Group	
	2012	2011
At 1 January	**38,635**	(1,232,037)
Income statement (charge)/credit (Note 34)	**(111,084)**	1,269,272
Tax (charge)/credit relating to components of other comprehensive income (Note 34)	**(11,725)**	1,400
At 31 December	**(84,174)**	38,635

	Company	
	2012	2011
At 1 January	**34,436**	(29,457)
Income statement credit	**40,286**	62,493
Tax (charge)/credit relating to components of other comprehensive income	**(11,725)**	1,400
At 31 December	**62,997**	34,436

(All amounts in RMB Yuan thousands unless otherwise stated)

28. DEFERRED INCOME TAX (Continued)

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax liabilities:

	Group					
	Timing difference in sales recognition and related cost of sales	Fair value of investment properties over the tax bases	Revaluation gain arising from business combinations	Revaluation of available-for-sale financial assets	Others	Total
At 1 January 2011	80,933	1,797,798	212,663	29,853	33,293	2,154,540
Charged/(credited) to the income statement	146,055	130,643	(65,651)	–	–	211,047
Credited to other comprehensive income	–	–	–	(1,400)	–	(1,400)
At 31 December 2011	226,988	1,928,441	147,012	28,453	33,293	2,364,187
Charged/(credited) to the income statement	217,236	216,009	(28,452)	–	–	404,793
Charged to other comprehensive income	–	–	–	11,725	–	11,725
At 31 December 2012	444,224	2,144,450	118,560	40,178	33,293	2,780,705

	Company				
	Timing difference in sales recognition and related cost of sales	Fair value of investment properties over the tax bases	Revaluation of available-for-sale financial assets	Others	Total
At 1 January 2011	13,875	20,256	29,853	4,986	68,970
Charged to the income statement	19,963	7,955	–	–	27,918
Credited to other comprehensive income	–	–	(1,400)	–	(1,400)
At 31 December 2011	33,838	28,211	28,453	4,986	95,488
(Credited)/charged to the income statement	(13,094)	3,619	–	–	(9,475)
Charged to other comprehensive income	–	–	11,725	–	11,725
At 31 December 2012	20,744	31,830	40,178	4,986	97,738

(All amounts in RMB Yuan thousands unless otherwise stated)

28. DEFERRED INCOME TAX (Continued)

Deferred tax assets:

	Group				
	Accruals	**Tax losses**	**Unrealised profit on intra-group transactions**	**Others**	**Total**
At 1 January 2011	493,326	277,598	140,632	10,947	922,503
Credited/(charged) to the income statement	1,396,362	(5,488)	79,263	10,182	1,480,319
At 31 December 2011	1,889,688	272,110	219,895	21,129	2,402,822
Credited/(charged) to the income statement	283,857	26,242	(30,320)	13,930	293,709
At 31 December 2012	2,173,545	298,352	189,575	35,059	2,696,531

	Company		
	Accruals	**Others**	**Total**
At 1 January 2011	37,703	1,810	39,513
Credited/(charged) to the income statement	90,540	(129)	90,411
At 31 December 2011	128,243	1,681	129,924
Credited/(charged) to the income statement	31,087	(276)	30,811
At 31 December 2012	159,330	1,405	160,735

29. CURRENT INCOME TAX LIABILITIES

	Group		Company	
	2012	2011	**2012**	2011
Land appreciation tax payable	**5,855,906**	4,754,234	**650,562**	810,283
Income tax payable	**1,643,779**	1,749,546	**70,444**	30,140
	7,499,685	6,503,780	**721,006**	840,423

(All amounts in RMB Yuan thousands unless otherwise stated)

30. OTHER GAINS – NET

	2012	2011
Fair value gain on investment properties-net (Notes 8 and 38)	**659,663**	435,686
Interest income (Note 38)	**148,183**	129,112
Dividend received from available-for-sale financial assets (Note 38)	**2,100**	–
Loss on disposal of investment properties (Note 38)	**–**	(29,602)
Gain on disposal of land use rights to local governments (Note 38)	**–**	150,203
(Loss)/gain on disposal of property, plant and equipment and land use rights (Note 38)	**(746)**	12,097
Others	**16,659**	28,376
	825,859	725,872

31. EXPENSES BY NATURE

Expenses by nature comprising cost of sales, selling and marketing costs, administrative expenses and other operating expenses are analysed as follows:

	2012	2011
Crediting		
Reversal of allowance for doubtful debts (Notes 17 and 38)	**(9,778)**	(11,641)
Charging		
Cost of completed properties sold	**15,903,431**	14,161,629
Business taxes and other levies	**1,884,826**	1,625,546
Employee benefit expense (Note 32)	**796,329**	763,725
Depreciation (Notes 7 and 38)	**265,177**	227,541
Advertising cost	**173,104**	215,120
Amortisation of land use rights and intangible assets (Note 38)	**42,791**	22,244
Office expenses	**112,549**	103,831
Operating lease payments	**14,706**	9,873
Allowance for doubtful debts (Notes 17 and 38)	**13,875**	12,893
Auditors' remuneration	**9,212**	7,824
Others	**756,960**	749,114
	19,972,960	17,899,340
	19,963,182	17,887,699

(All amounts in RMB Yuan thousands unless otherwise stated)

32. EMPLOYEE BENEFIT EXPENSE

The employee benefit expense, including Directors' and Supervisors' emoluments, is as follows:

	2012	2011
Wages and salaries	**571,670**	581,689
Retirement scheme contributions	**162,762**	129,651
Other allowances and benefits	**61,897**	52,385
	796,329	763,725

(a) 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	**Salary**	**Other benefits (i)**	**Total**
Executive Directors			
Mr. Li Sze Lim	**2,666**	**676**	**3,342**
Mr. Zhang Li (Note)	**2,666**	**676**	**3,342**
Mr. Zhou Yaonan	**3,105**	**236**	**3,341**
Mr. Lu Jing	**2,605**	**274**	**2,879**
Non-executive Directors			
Ms. Zhang Lin	**358**	**–**	**358**
Ms. Li Helen	**358**	**–**	**358**
Independent non-executive Directors			
Mr. Huang Kaiwen	**353**	**–**	**353**
Mr. Dai Feng	**286**	**–**	**286**
Mr. Lai Ming Joseph	**286**	**–**	**286**

The remuneration of every Director and Chief Executive for the year ended 31 December 2011 is set out below:

Name of Director	**Salary**	**Other benefits (i)**	**Total**
Executive Directors			
Mr. Li Sze Lim	2,666	676	3,342
Mr. Zhang Li (Note)	2,666	676	3,342
Mr. Zhou Yaonan	3,105	236	3,341
Mr. Lu Jing	2,405	274	2,679
Non-executive Directors			
Ms. Zhang Lin	348	–	348
Ms. Li Helen	348	–	348
Independent non-executive Directors			
Mr. Huang Kaiwen	336	–	336
Mr. Dai Feng	278	–	278
Mr. Lai Ming Joseph	278	–	278

Note: Mr. Zhang Li is also the Chief Executive of the Company.

(All amounts in RMB Yuan thousands unless otherwise stated)

32. EMPLOYEE BENEFIT EXPENSE

(b) Supervisors' emoluments

The remuneration of every Supervisor for the year ended 31 December 2012 is set out below:

Name of Supervisor	Salary	Other benefits (i)	Total
Mr. Chen Liangnuan (Appointed on 23 February 2012)	**66**	**–**	**66**
Ms. Liang Yingmei	**66**	**–**	**66**
Mr. Zheng Ercheng	**66**	**–**	**66**

The remuneration of every Supervisor for the year ended 31 December 2011 is set out below:

Name of Supervisor	Salary	Other benefits (i)	Total
Mr. Feng Xiangyang (Note)	448	32	480
Ms. Liang Yingmei	60	–	60
Mr. Zheng Ercheng	60	–	60

Note: Mr. Feng Xiangyang resigned on 23 February 2012 with no remuneration in 2012.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year do not include any Director (2011: four Directors included) whose emoluments are reflected in the analysis presented above. The emoluments payable of the five (2011: one) individuals during the year are as follows:

	2012	2011
Salaries	**58,946**	4,405
Retirement scheme contributions and other benefits	**–**	236
	58,946	4,641

(All amounts in RMB Yuan thousands unless otherwise stated)

32. EMPLOYEE BENEFIT EXPENSE (Continued)

(c) Five highest paid individuals (Continued)

The emolument of the individual fell within the following bands:

	Number of individuals	
	2012	2011
Emolument bands		
RMB4,000,001 to RMB7,000,000	**–**	1
RMB7,000,001 to RMB10,000,000	**3**	–
RMB10,000,001 to RMB20,000,000	**1**	–
RMB20,000,001 to RMB30,000,000	**1**	–

Note:

(i) Other benefits mainly include welfare and transportation expenses.

(ii) No Directors or Supervisors of the Company waived or agreed to waive any remuneration for the year ended 31 December 2012 (2011: Nil).

(iii) During the year, no emolument was paid by the Group to any of the above Directors or Supervisors or the five highest individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

33. FINANCE COSTS

	2012	2011
Interest on bank loans	**1,279,164**	1,252,636
Interest on corporate bonds (Note 26 (b))	**421,675**	390,513
Interest on senior notes (Note 26 (c))	**361,817**	204,377
Interest on other borrowings (Note 26 (d))	**699,743**	62,111
Interest on finance lease liabilities	**9,462**	–
Less: interest capitalised	**(1,270,252)**	(770,485)
	1,501,609	1,139,152

34. INCOME TAX EXPENSES

	2012	2011
Current income tax		
– PRC enterprise income tax (Note (b))	**2,135,787**	3,172,860
Deferred income tax (Note 28)	**111,084**	(1,269,272)
	2,246,871	1,903,588
Current PRC land appreciation tax (Note (c))	**2,135,544**	2,429,799
Total income tax expenses (Note (d))	**4,382,415**	4,333,387

(All amounts in RMB Yuan thousands unless otherwise stated)

34. INCOME TAX EXPENSES (Continued)

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2011: Nil).

(b) PRC enterprise income tax

The PRC enterprise income tax is computed according to the relevant laws and regulations in the PRC.

For the year ended 31 December 2012, the applicable income tax rate for the profits generated from certain construction companies was 2%-3.75% based on the revenue throughout the year (2011: 2%-3.75% based on the revenue throughout the year); the applicable income tax rate for the profits generated from other business was primarily 25% (2011: 25%) based on taxable profits.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to the PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction expenditure.

(d) The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2012	2011
Profit before income tax	**10,041,765**	9,168,203
Less: land appreciation tax	**(2,135,544)**	(2,429,799)
	7,906,221	6,738,404
Calculated at tax rate of 25% (2011: 25%)	**1,976,555**	1,684,601
Effect of different income tax regime of certain companies	**44,211**	(22,824)
Development costs not deductible for taxation purposes	**171,408**	67,292
Others	**54,697**	174,519
PRC enterprise income tax	**2,246,871**	1,903,588
Land appreciation tax	**2,135,544**	2,429,799
Tax charge (Note 38)	**4,382,415**	4,333,387

(e) The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2012			2011		
	Before tax	**Tax charge**	**After tax**	Before tax	Tax credit	After tax
Fair value gain/(loss) of available-for-sale financial assets (Note 28)	**46,900**	**(11,725)**	**35,175**	(5,600)	1,400	(4,200)

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 RMB2,364,633,000 (2011: RMB1,427,537,000).

36. BASIC AND DILUTED EARNINGS PER SHARE

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 less shares held for Share Award Scheme.

	2012	2011
Profit attributable to owners of the Company	**5,501,979**	4,841,650
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (thousands)	**3,194,367**	3,215,534
Earnings per share (RMB per share)	**1.7224**	1.5057

There were no dilutive potential shares during the years presented above.

37. DIVIDENDS

	2012	2011
Interim dividend paid of RMB0.10 (2011: RMB0.20) per ordinary share	**322,237**	644,473
Less: Dividend for shares held by Share Award Scheme at 30 June 2012	**(2,800)**	(1,751)
	319,437	642,722
Proposed final dividend of RMB0.50 (2011: RMB0.40) per ordinary share	**1,611,184**	1,288,948
Less: Dividend for shares held by Share Award Scheme at 31 December 2012	**(14,000)**	(11,200)
	1,597,184	1,277,748
	1,916,621	1,920,470

An interim dividend in respect of six months ended 30 June 2012 of RMB0.10 per ordinary share, totalling RMB322,237,000 was paid in September and December 2012 (six months ended 30 June 2011: RMB644,473,000), of which RMB2,800,000 was paid in respect of shares held by Share Award Scheme.

A final dividend in respect of 2011 of RMB0.40 per ordinary share, totalling RMB1,288,948,000 was paid in June and August 2012, of which RMB12,800,000 was paid in respect of shares held by Share Award Scheme.

A final dividend in respect of 2012 of RMB0.50 per ordinary share, totalling RMB1,611,184,000 which is based on the number of shares as at 31 December 2012 is to be approved by the shareholders at the Annual General Meeting ("AGM") on 29 May 2013, of which RMB14,000,000 is to be paid in respect of shares held by Share Award Scheme as at 31 December 2012, This proposed final dividend will be accounted for as an appropriation of retained earnings in the year ending 31 December 2013. These financial statements do not reflect this dividend payable.

The aggregate amounts of the dividends paid and proposed during 2012 and 2011 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

(All amounts in RMB Yuan thousands unless otherwise stated)

38. CASH GENERATED FROM OPERATIONS

	2012	2011
Profit for the year	**5,659,350**	4,834,816
Adjustments for:		
– Tax (Note 34)	**4,382,415**	4,333,387
– Interest income (Note 30)	**(148,183)**	(129,112)
– Interest expenses (Note 33)	**1,501,609**	1,139,152
– Depreciation (Notes 7 and 31)	**265,177**	227,541
– Amortisation of land use rights and intangible assets (Note 31)	**42,791**	22,244
– Gain on disposal of subsidiaries	**–**	(10,002)
– Loss/(gain) on disposal of property, plant and equipment and land use rights (Note 30)	**746**	(12,097)
– Loss on disposal of an associate	**1,421**	–
– Loss on disposal of investment properties (Note 30)	**–**	29,602
– Gain on disposal of land use rights to local governments (Note 30)	**–**	(150,203)
– Goodwill disposed for sale of properties, charged to cost of sales (Note 9)	**4,898**	37,403
– Allowance for doubtful debts (Notes 17 and 31)	**13,875**	12,893
– Reversal of allowance for doubtful debts (Notes 17 and 31)	**(9,778)**	(11,641)
– Share of results of jointly controlled entities	**(402,974)**	19,131
– Share of results of associates	**87,333**	(118,218)
– Fair value gain on investment properties-net (Notes 8 and 30)	**(659,663)**	(435,686)
– Dividend received from available-for-sale financial assets (Note 30)	**(2,100)**	–
– (Crystallisation)/elimination of unrealised profits	**(23,659)**	24,586
Operating profit before changes in working capital	**10,713,258**	9,813,796
– Changes in working capital:		
– Properties under development and completed properties held for sale	**(7,782,847)**	(3,662,495)
– Trade receivables	**(1,086,837)**	(563,233)
– Other receivables, deposits and prepayments	**1,579,563**	470,152
– Restricted cash	**(1,488,478)**	(822,294)
– Deposits received on sale of properties	**(889,793)**	(1,424,823)
– Accruals and other payables	**1,817,911**	1,965,588
– Business tax payable	**74,009**	(169,040)
Net cash generated from operations	**2,936,786**	5,607,651

In the statement of cash flows, proceeds from disposals of property, plant and equipment and land use rights comprise:

	2012	2011
Net book amount of property, plant and equipment (Note 7)	**1,182**	40,132
Net book amount of land use rights (Note 6)	**–**	495
(Loss)/gain on disposal of property, plant and equipment and land use rights (Note 30)	**(746)**	12,097
Receivables on disposal of property, plant and equipment and land use rights	**–**	(690)
Proceeds from disposal of property, plant and equipment and land use rights	**436**	52,034

(All amounts in RMB Yuan thousands unless otherwise stated)

38. CASH GENERATED FROM OPERATIONS (Continued)

In the statement of cash flows, proceeds from disposal of investment properties comprise:

	2012	2011
Net book amount (Note 8)	**–**	77,131
Loss on disposal of investment properties (Note 30)	**–**	(29,602)
Proceeds from disposal of investment properties	**–**	47,529

39. FINANCIAL GUARANTEE CONTRACTS

The face values of the financial guarantees issued by the Group and the Company as at 31 December 2012 are analysed as below:

	Group		**Company**	
	2012	2011	**2012**	2011
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	**12,551,133**	12,514,920	**5,782,036**	5,473,033
Guarantees for borrowings of subsidiaries (Note (b))	**–**	–	**3,119,250**	4,866,900
Guarantees in respect of borrowings of jointly controlled entities and an associate (Notes (c) and 42 (x))	**3,381,216**	3,991,260	**3,294,432**	3,991,260
	15,932,349	16,506,180	**12,195,718**	14,331,193

Note:

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of 25 months upon the completion of guarantee registration; or (ii) completion of mortgage.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying 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. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the Group obtained the real estate ownership certificates for the mortgagees. The Directors consider that the fair value of these contracts at date of inception was minimal and 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.

(b) It represents guarantees provided to subsidiaries of the Group to obtain borrowings. The Directors consider that the fair value of these contracts at the date of inception was minimal and understand the repayment was on schedule and risk of default in payment was remote, therefore no provision has been made in the financial statements for the guarantees.

(c) It represents the maximum exposure of the guarantee provided for jointly controlled entities and an associate for their borrowings.

(All amounts in RMB Yuan thousands unless otherwise stated)

40. COMMITMENTS

(a) Expenditure commitments for properties under development

	2012	2011
Authorised but not contracted for	**7,992,007**	6,211,565
Contracted but not provided for	**10,915,435**	12,497,064
	18,907,442	18,708,629

(b) Operating lease commitments

As at 31 December 2012, the Group had future aggregate minimum lease payments for land and buildings under non-cancellable operating leases as follows:

	2012	2011
No later than one year	**25,631**	13,137
Later than one year and no later than five years	**39,321**	26,586
Over five years	**65,792**	72,840
	130,744	112,563

41. FUTURE MINIMUM RENTAL PAYMENTS RECEIVABLE

As at 31 December 2012, the Group had future aggregate minimum lease rental receivables under non-cancellable operating leases as follows:

	Group		**Company**	
	2012	2011	**2012**	2011
No later than one year	**564,644**	507,650	**65,871**	57,232
Later than one year and no later than five years	**1,028,130**	1,030,269	**82,137**	68,179
Over five years	**622,053**	611,913	**5,051**	3,843
	2,214,827	2,149,832	**153,059**	129,254

(All amounts in RMB Yuan thousands unless otherwise stated)

42. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Mr Li Sze Lim and Mr Zhang Li (both are national of PRC), who owns 33.36% and 32.02% of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties. The following transactions were carried out with related parties:

i) Provision of restaurant services

	2012	2011
Common shareholders: 惠州市金鵝溫泉實業有限公司	**4,705**	9,725

ii) Provision of lease of properties

	2012	2011
Common shareholders: 廣州金貝殼投資有限公司(“廣州金貝殼”)	**1,325**	1,271
Associate: 廣州利合	**260**	2,415

iii) Drinking water system charges

	2012	2011
Common shareholders: 廣州越富環保科技有限公司(“越富環保”)	**1,410**	15,252

iv) Key management compensation

	2012	2011
Salaries and welfare benefits	**17,245**	15,483

v) Provision of property management services

	2012	2011
Associate: 廣州利合	**39**	289
Common shareholders: 廣州金貝殼	**222**	222

(All amounts in RMB Yuan thousands unless otherwise stated)

42. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

vi) Purchases of construction materials

	2012	2011
Associate:		
廣州超力混凝土有限公司(“超力混凝土”)	12,147	96,584

vii) Provision of design services

	2012	2011
Jointly controlled entities:		
廣州富景	9,230	3,973
惠州富茂	11,937	–
	21,167	3,973

viii) Provision of construction services

	2012	2011
Jointly controlled entity:		
瀋陽億隆	50,065	154,934

ix) Lease of an aircraft under operating lease

	2012	2011
Common shareholders:		
Power Ease Investments Limited	9,659	–

(All amounts in RMB Yuan thousands unless otherwise stated)

42. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

x) Provision of guarantees for borrowings

The Group and other shareholders have jointly provided guarantees for certain borrowings granted to the Group's jointly controlled entities and an associate for project development purpose. As at 31 December 2012, the Group's guarantees for borrowings provided to its jointly controlled entities and associate are shown as follows:

(a) Bank loans

	2012	2011
Jointly controlled entities:		
瀋陽億隆	**–**	195,000
廣州富景	**386,844**	350,070
Hines Shanghai	**501,581**	567,490
惠州富茂	**100,000**	–
上海悦城	**478,300**	478,300
	1,466,725	1,590,860
Associate:		
廣州利合	**530,000**	772,500
	1,996,725	2,363,360

(b) Other borrowings

	2012	2011
Jointly controlled entities:		
津南新城	**550,000**	900,000
惠州富茂	**159,000**	–
	709,000	900,000
Associate:		
廣州利合	**675,491**	727,900
	1,384,491	1,627,900

(All amounts in RMB Yuan thousands unless otherwise stated)

42. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xi) Balances with related parties

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

	2012	2011
Due from:		
Jointly controlled entities		
– Non-trade balances		
Value Success (Note (c))	**85,193**	85,053
廣州富景 (Note (b))	**–**	433,819
惠州富茂 (Note (b))	**150,646**	351,500
津南新城	**560,607**	60,607
瀋陽富力會	**286**	286
廣州南沙經濟技術開發區森華木業有限公司(“森華木業”)(Note (a))	**–**	234,845
森華房地產 (Note (a))	**234,845**	–
瀋陽億隆	**286,263**	103,490
	1,317,840	1,269,600
– Trade balances		
瀋陽億隆 (Note (d))	**99,305**	96,754
Associates		
– Non-trade balances		
北京富盛利	**–**	1,271
北京粵商	**–**	2,000
廣州利合 (Note (b))	**1,139,377**	1,139,377
	1,139,377	1,142,648
	2,556,522	2,509,002
Due to:		
Jointly controlled entities		
– Non-trade balances		
Hines Shanghai	**366,415**	457,164
上海悦城	**362,000**	351,892
廣州富景	**367,984**	–
	1,096,399	809,056
Due to:		
Associates		
– Non-trade balances		
盛安創富	**–**	3,992
– Trade balances		
超力混凝土 (Note (e))	**–**	66,298
	–	70,290
	1,096,399	879,346

42. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xi) Balances with related parties (Continued)

The non-trade balances with related parties are interest free, unsecured and have no fixed repayment terms. The trade balances with related parties are interest free, unsecured and to be settled according to contract terms.

(a) The Group disposed of its equity interests in 森華木業 and jointly established 森華房地產 with the other shareholder in March 2012. The balance due from 森華木業 as at 31 December 2011 was transferred to 森華房地產 in 2012.

(b) It represents prepayments for purchases of land use rights on behalf of the Group's jointly controlled entities and the associate.

(c) It represents borrowings to the jointly controlled entity in proportion to the controlling interest pursuant to the joint venture agreement.

(d) It represents receivables relating to construction services provided by the Group which will be settled in various construction stages.

(e) It represents payables relating to purchases of construction materials by the Group, of which monthly settlements are made based on contract terms. The Group disposed of its equity interests in 超力混凝土 in September 2012.

43. EVENTS AFTER THE BALANCE SHEET DATE

Issuance of 2013 Senior Notes

On 24 January 2013 and 6 February 2013, a subsidiary of the Group, Caifu Holdings Limited issued 8.75% senior notes due 24 January 2020 in the aggregate principal value of USD600,000,000. The net proceeds after deducting the transaction costs amounted to USD590,000,000 approximately.

(All amounts in RMB Yuan thousands unless otherwise stated)

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2012 in accordance with China Accounting Standards for Business Enterprises ("CAS"). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	Profit attributable to owners of the Company for the year ended 31 December		**Equity attributable to owners of the Company as at 31 December**	
	2012	2011	**2012**	2011
As stated in accordance with CAS	**5,337,260**	4,863,733	**26,463,884**	22,688,474
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gain arising from business combinations	**(11,265)**	(39,894)	**72,061**	83,326
2. Amortisation of customer contracts	**–**	–	**(322,000)**	(322,000)
3. Fair value gain of investment properties under construction, net of tax	**173,168**	–	**173,168**	–
4. Deferred taxation	**2,816**	17,811	**78,842**	76,026
As stated in accordance with HKFRS	**5,501,979**	4,841,650	**26,465,955**	22,525,826

Note

1. The Group adopted SSAP 27 "Accounting for Group Reconstructions" for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in November 2005. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when non-controlling interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.

2. The Group acquired the entire equity interests in Guangzhou Tianli Construction Co., Ltd. on 5 June 2007 and recognised an intangible asset for the customer contracts on hand upon acquisition, as an identifiable asset distinguished from goodwill.

   Under HKFRS, such customer contracts which have a finite useful life, are amortised using the straight-line method over the execution of the customer contracts. These customer contracts, considered as goodwill under CAS, do not require any amortisation but are subject to annual impairment test assessment.

3. The Group recognises fair value gain on investment properties under construction held by a jointly controlled entity of the Group in accordance with HKAS 40 (Amendment) 'Investment property'. Such fair value gain (net of tax) is accounted for in 'share of results of jointly controlled entities' in the Group's consolidated financial statements prepared under HKFRS. Under CAS, investment properties under construction are stated at historical cost less impairment losses.

4. It refers to the effects of deferred tax arising from the above adjustments.

FIVE-YEAR FINANCIAL SUMMARY

(All amounts in RMB Yuan thousands)

CONSOLIDATED BALANCE SHEET (AS AT 31 DECEMBER)

	2012	2011	2010	2009	2008
Non-current assets	**29,104,301**	26,750,409	25,364,801	17,638,060	13,684,690
Current assets	**69,482,909**	57,408,475	52,052,104	48,705,957	41,362,335
Total assets	**98,587,210**	84,158,884	77,416,905	66,344,017	55,047,025
Non-current liabilities	**31,200,661**	20,649,437	22,823,936	19,249,643	12,767,411
Current liabilities	**40,556,675**	40,777,073	34,593,748	30,075,008	27,234,516
Total liabilities	**71,757,336**	61,426,510	57,417,684	49,324,651	40,001,927
Total equity	**26,829,874**	22,732,374	19,999,221	17,019,366	15,045,098

CONSOLIDATED INCOME STATEMENT (YEAR ENDED 31 DECEMBER)

	2012	2011	2010	2009	2008
Revenue	**30,365,056**	27,370,095	24,641,820	18,196,463	15,360,151
Cost of sales	**(17,986,776)**	(15,954,244)	(15,348,632)	(12,446,844)	(10,201,681)
Gross profit	**12,378,280**	11,415,851	9,293,188	5,749,619	5,158,470
Other gains-net	**825,859**	725,872	1,368,239	1,213,455	1,520,892
Selling and marketing costs	**(454,006)**	(471,804)	(425,921)	(370,888)	(295,282)
Administrative expenses	**(1,522,400)**	(1,452,454)	(1,121,274)	(978,244)	(1,010,851)
Other operating (expenses)/income	**–**	(9,197)	(35,379)	(247,988)	30,752
Operating profit	**11,227,733**	10,208,268	9,078,853	5,365,954	5,403,981
Finance costs	**(1,501,609)**	(1,139,152)	(940,847)	(505,334)	(341,202)
Share of results of jointly controlled entities	**402,974**	(19,131)	(20,544)	(2,427)	7,812
Share of results of associates	**(87,333)**	118,218	(47,220)	434	(479)
Profit before income tax	**10,041,765**	9,168,203	8,070,242	4,858,627	5,070,112
Income tax expenses	**(4,382,415)**	(4,333,387)	(3,613,873)	(1,937,394)	(1,931,903)
Profit for the year	**5,659,350**	4,834,816	4,456,369	2,921,233	3,138,209
Attributable to:					
Owners of the Company	**5,501,979**	4,841,650	4,350,593	2,899,500	3,119,499
Non-controlling interest	**157,371**	(6,834)	105,776	21,733	18,710

PROPERTY LIST

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Properties for sale (under-development)							
Guangzhou							
R&F Jingang City (excluding Holiday Inn Airport Hotel Guangzhou)	100%	Modern Avenue, Huadu Town, Huadu District	Residential, Industrial and Storage	1,119,211	1,975,999	953,479	Pending
R&F Haizhu City	100%	Southwest of the Interchange of Jiangnan Xi Road and Jiangnan Avenue, Haizhu District	Commercial & Office	18,816	137,216	137,216	2014
R&F Yingyao Building (J2-5 Project)	100%	Zone J, Pearl River New Town, Tianhe District	Commercial & Office	7,918	149,240	149,240	2015
R&F Yingtong Plaza	100%	East of Huaxia Road, Tianhe District	Office	7,008	120,088	120,088	2013
R&F Spring World	100%	Hot Spring Village, Hot Spring Town, Conghua City	Residential	808,018	520,000	500,418	Pending
R&F Dongshan Xintian Di	100%	Zhongshan First Road, Yuexiu District	Residential, Commercial & Office	44,288	273,800	273,800	Pending
R&F Yingkai Plaza (Office & Shopping Mall)	100%	Zone J, Pearl River New Town, Tianhe District	Commercial & Office	7,944	112,666	112,666	2013
R&F Tianxi Garden	100%	Chebei Village North, Tianhe District	Residential	19,246	64,115	64,115	2014
Liede Project	33.34%	Liede Village, Liede Road, Tianhe District	Apartment, Commercial and Office	114,176	523,230	143,877	Pending
Asian Games City Project	20%	Asia Game City, Panyu District	Residential & Commercial	2,639,520	4,557,700	723,331	Pending
R&F Jinyu Garden	100%	Zone F, Jinsha Zhou, Baiyun District	Residential	101,355	59,705	59,705	Pending
Huizhou							
Longquan Project	100%	Maqiao Re Shui Village, Yonghan Town, Longmen County	Residential & Commercial	1,330,673	1,303,010	1,227,947	Pending
R&F Venice Bay	100%	Dapu Tun, Renshan Town, Rendong County,	Residential & Commercial	1,318,673	2,969,763	2,948,785	Pending
R&F Modern Plaza	100%	Huibo Yan Jiang Exit, Luoyang Town, Boluo County	Residential & Commercial	79,167	319,576	296,191	2015

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Hainan							
R&F Bay Shore	100%	Zone B, Xiangshui Bay, Lingshui Town, Sanya	Residential & Commercial	1,353,396	477,763	174,236	2015
R&F Yingxi Valley	100%	Najia Po, Xiuying District, West Coast, Haikou	Residential	453,000	171,000	71,952	2014
R&F Mangrove Bay	100%	Sanlin Exit, Huandao West Line High-way, Chengmai Town	Residential & Commercial	4,352,042	2,507,986	2,401,093	2018
Chongqing							
Chongqing R&F City (excluding Holiday Inn @ University City Chongqing)	100%	Xiyong Unit, Shaping Ba District	Residential & Commercial	1,981,995	6,192,338	5,167,732	Pending
Chengdu							
R&F Peach Garden	100%	South of Zhenhai Du Road West, Xindu Town	Residential	186,650	1,081,774	679,911	2016
Kunshan							
R&F Bay Shore Phase 1	100%	West of Wanyuan Road, Dianshan Lake Town, Kunshan	Residential	921,333	402,138	168,835	2014
Shanghai							
R&F Peach Garden	100%	Qingpu Industrial Zone, Qingpu District	Residential	231,983	291,933	53,912	2014
R&F New Jiangwan Town	50%	New Jiangwan Town, Yangpu District	Residential, Commercial, Office & Hotel	142,664	267,419	133,710	Pending
Nanjing							
Nanjin R&F City	100%	Qilin Science & Technology Park, Jiangning District, Nanjing	Residential, Office & Hotel	571,864	545,000	475,726	Pending
Beijing							
R&F Festival City	100%	North of Dalu Dian, Douge Village, Chaoyang District	Residential, Commercial and Storage	341,249	1,123,616	39,663	2013
R&F Danish Town	100%	Jinnan Green and Ecology Community, West of the Development Zone, Pangge Village, Daxing District	Residential, Commercial and Storage	746,202	648,402	312,491	2014

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
R&F Shengyue Court	100%	No. 4, Yizhuang Old Dongong Station, Daxing District	Residential & Commercial	88,911	247,386	247,386	2014
R&F Golden Jubilee Garden	100%	South of Xincheng Street, Tongzhou District	Residential	73,050	317,760	317,760	2014
Hebei							
Xianghe R&F New Town	100%	East of Daxiang High-way, Jiangxin Tun Town, Xianghe County, Langfang City	Residential	629,214	1,426,549	1,426,549	Pending
Datong							
Datong R&F City	100%	South of Yunzhou Street, Datong City	Residential, Commercial & Financial	127,571	392,493	392,493	Pending
Tianjin							
R&F Peach Garden	100%	North of Lishuang Road, West of Weishan Road, Shuanggang Town, Jinnan District	Residential and Commercial	166,400	518,035	192,117	2015
R&F Jinmen Lake	100%	West of Youyi Nan Road, Hexi District	Residential	930,932	1,706,287	1,040,868	2015
R&F Center	100%	East of Nanchang Road, Hexi District	Commercial & Office	9,588	180,217	180,217	2013
R&F Guangdong Building	100%	South of Tuochang Road, West of Binhe Xi Road, Tanggu District	Office	23,070	361,101	361,101	2017
Jinnan Xincheng Project	25%	Xianshui Gu Town, Jinnan District	Residential, Commercial, Office, Hotel & Shopping Mall	1,289,227	3,010,901	752,725	Pending
Xian							
Xian R&F City (excluding R&F Holiday Inn Xian)	100%	South of North Ring Road, Chang'an District	Residential, Commercial and Office	381,814	1,080,661	338,093	2015

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Taiyuan							
Taiyuan R&F City	100%	No. 3, Jinan East Street, Xinhua Ling District	Residential & Commercial	1,056,200	2,112,400	1,471,629	2016
R&F Modern Plaza	100%	South of Donger Xiang, Yijing Xi Road, West of Heping Nan Road, Wanbolin District	Residential	87,022	330,925	32,246	2013
R&F Peach Garden	100%	No. 5, Jinan Dong Street, Xinghua Ling District	Residential	195,827	349,924	322,687	Pending
R&F Prosperous Palace	100%	No. 9 Jiefang Road North	Residential & Commercial	237,601	1,023,000	1,023,000	Pending
Harbin							
Jiangwan New Town	100%	Youyi Xi Road, Daoli District	Residential, Commercial & Hotel	120,574	700,000	700,000	Pending
Shenyang							
Xianhu Project	66.67%	Huangshan Village, Taoxian Town, Dongling District	Residential	373,406	200,015	90,000	Pending
Properties for sale (under planning)							
Guangzhou							
Huadu Huawei Co. Project	100%	Modern Avenue, Huadu District	Industrial & Storage	142,571	187,299	187,299	Pending
Nansha Project	50%	West of Industrial Estate, Nansha District	Residential	83,222	233,022	116,511	Pending
Nansha Jinsha Street Project	100%	West of Jinye Primary School, Jinsha Street, Nansha District	Residential	99,641	199,282	199,282	Pending
Hainan							
Wenchang Moon Bay Project	100%	Yueliang Wan, Changli Town, Wenchang City	Hotel, Travel & Commercial	277,160	166,296	166,296	Pending
R&F Linlan Bay	100%	Lingao Xian, Lincheng Town, Haikou	Residential	327,851	285,200	285,200	Pending
Chongqing							
Nanshan Villa	100%	No. 99 Nanshan Road, Nan'an District	Residential & Commercial	79,583	31,540	31,540	Pending

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Kunshan							
R&F Bay Shore Phase II	100%	West of Wanyuan Road, Dianshan Hu Town, Kunshan	Residential	142,390	34,946	34,946	Pending
Hangzhou							
Hangzhou #2012-51 land	100%	Wenyi West Street N, Future Technology Town, Yuhang District	Residential & Commercial	95,972	191,944	191,944	Pending
Hangzhou #2012-52 land	100%	Wenyi West Street N, Future Technology Town, Yuhang District	Residential	44,017	88,034	88,034	Pending
Beijing							
Tongzhou Majuqiao Town	100%	Majuqia Town, Tongzhou	Residential & Commercial	140,872	325,685	325,685	Pending
Properties for investment (completed)							
Guangzhou							
R&F Cambridge Terrace Shopping Mall	100%	Dongguan Zhuang Road, Tianhe District	Commercial	–	42,993	42,993	N/A
R&F West Garden Shopping Mall	100%	Huanshi Xi Road, Liwan District	Commercial	–	3,570	3,570	N/A
R&F King's Court (Commercial)	100%	Xiaomei Street, Liwan District	Office	–	9,184	9,184	N/A
R&F Square (North Court) Shopping Mall	100%	Zhongshan Eighth Road, Liwan District	Commercial	–	8,455	8,455	N/A
R&F Children World	100%	Zhongshan Eighth Road, Liwan District	Commercial	–	16,307	16,307	N/A
R&F Square Zone B Shopping Mall	100%	Zhongshan Eighth Road, Liwan District	Commercial	–	2,213	2,213	N/A
R&F Modern Plaza – Jiaxin Commercial Center	100%	Gexin Road, Haizhu District	Commercial	–	29,000	29,000	N/A
R&F Center	100%	Zone J, Pearl River New Town, Tianhe District	Office	8,117	162,605	162,605	N/A
Grand Hyatt Guangzhou	100%	Zone F, Pearl River New Town, Tianhe District	Hotel	10,291	114,498	85,596	N/A
The Ritz-Carlton, Guangzhou	100%	Zone J, Pearl River New Town, Tianhe District	Hotel	6,895	104,322	104,322	N/A

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Beijing							
Renaissance Beijing Capital Hotel	100%	North of Guangqu Men Wai Street, Chaoyang District	Hotel, Office & Commercial	43,703	120,349	120,349	N/A
Viva Beijing R&F Plaza	100%	North of Guangqu Men Wai Street, Chaoyang District	Commercial	–	110,636	110,636	N/A
Beijing R&F Center	100%	North of Guangqu Men Wai Street, Chaoyang District	Office	–	59,600	59,600	N/A
Holiday Inn Express Temple of Heaven Beijing	100%	No. 35 Court, Nanwei Road, Xuanwu District	Hotel	6,190	22,302	22,302	N/A
Tianjin							
R&F City Commercial Complex	100%	West of East Road, Nankai District	Commercial	–	42,669	42,669	N/A
Chongqing							
R&F Ocean Plaza (Commercial)	100%	Yanghe New Area, Guanyin Qiao Street, Jiangbei District	Commercial	–	72,675	72,675	N/A
Hyatt Regency Chongqing	100%	Yanghe New Area, Guanyin Qiao Street, Jiangbei District	Hotel	16,137	46,439	46,439	2012
Chengdu							
R&F Tianhui Mall	100%	Shuncheng Street, Qingyang District	Commercial	–	254,626	254,626	N/A
Huizhou							
Renaissance Huizhou Hotel	100%	Yanjiang Economic Circle, Jiangbei New District	Hotel	15,000	54,321	54,321	N/A
Properties for investment (under-development)							
Guangzhou							
Park Hyatt Guangzhou	100.0%	Zone J, Pearl River New Town, Tianhe District	Hotel	7,944	65,504	65,504	2013
Conrad Guangzhou	33.34%	Liede Village, Liede Road, Tianhe District	Hotel	–	39,446	13,151	2013
Holiday Inn Airport Guangzhou	100%	Modern Avenue, Huadu District	Hotel	4,405	37,826	37,826	Pending

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Hainan							
Lingshui R&F Bay Shore Marriott & Yachi Club	100%	Zone B, Xiangshuiwan, Lingshui County	Hotel	50,000	75,837	75,837	2014
Tianjin							
Marriott Hotel Tianjin	100%	West of East Road, Nankai District	Hotel	23,000	57,788	57,788	Pending
Chengdu							
Ritz-Carlton Chengdu	100%	Shuncheng Street, Qingyang District	Hotel	–	59,171	59,171	2013
Properties for investment (under planning)							
Chongqing							
Holiday Inn University City Chongqing	100%	Xiyong Unit, Shaping Ba District	Hotel	30,893	67,612	67,612	Pending
Xian							
R&F Holiday Inn Xian	100%	North Ring Road, Chang'an District	Hotel	6,880	50,000	50,000	2014
Huizhou							
Hilton Huizhou Longmen Resort	100%	Maqiao Re Shui Village, Yonghan Town, Longmen County	Hotel	–	45,000	45,000	Pending
Hainan							
R&F Ocean Park	100%	International Tourism Island, Lingshui County	Hotel, Travel & Commercial	666,667	200,000	200,000	Pending
Doubletree Resort by Hilton Haikou-Chengmai	100%	Sanlin Exit, Huandao West Line High-way, Chengmai Town	Hotel	–	38,000	38,000	Pending

CORPORATE INFORMATION

Executive Directors	Li Sze Lim, Zhang Li, Zhou Yaonan, Lu Jing
Non-executive Directors	Zhang Lin, Li Helen
Independent Non-executive Directors	Huang Kaiwen, Dai Feng, Lai Ming Joseph
Supervisors	Chen Liangnuan, Liang Yingmei, Zheng Ercheng
Authorized Representatives	Li Sze Lim, Chow Oi Wah Fergus
Company Secretary	Chow Oi Wah Fergus
Registered Office in the PRC	45-54/F., R&F Center, No.10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Place of Business in Hong Kong	Room 1103, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong
Auditor	PricewaterhouseCoopers 22/F., Prince's Building, Central, Hong Kong
Legal Advisor as to Hong Kong Law	Sidley Austin 39/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Hong Kong H share Registrar	Computershare Hong Kong Investor Services Limited 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website	www.rfchina.com

SHAREHOLDERS' INFORMATION

SHAREHOLDERS' CALENDAR

Interim results announcement	16 August 2012
Interim dividend paid	25 September 2012
Final results announcement	20 March 2013
Closure of register of members (for Annual General Meeting)	29 April to 29 May 2013 (both days inclusive)
Closure of register of members (for entitlement of final dividend)	7 June to 14 June 2013
Annual general meeting	29 May 2013
Final dividend payable date	To be announced

LISTING INFORMATION

The Company's H shares were listed on The Stock Exchange of Hong Kong Limited on 14 July 2005.

Stock Code

Hong Kong Stock Exchange	2777
Reuters	2777.HK
Bloomberg	2777HK

Board Lot Size 400 shares

Share Information

	Stock Price*	
Year	**High** HK$	**Low** HK$
2005 (from 14 July to 31 Dec)	6.9375	2.7
2006	17.14	6.675
2007	45.6	12.8
2008	28.3	2.3
2009	18.98	5.31
2010	14.14	8.55
2011	12.54	5.48
2012	13.40	5.80

* 28 September 2006 — 4-for-1 share sub-division adjusted

廣州富力地產股份有限公司
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* for identification purpose only