



雅居樂地產控股有限公司
AGILE PROPERTY HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability) Stock code: 3383

From
Heart. 與心同築
Beyond **Living.**

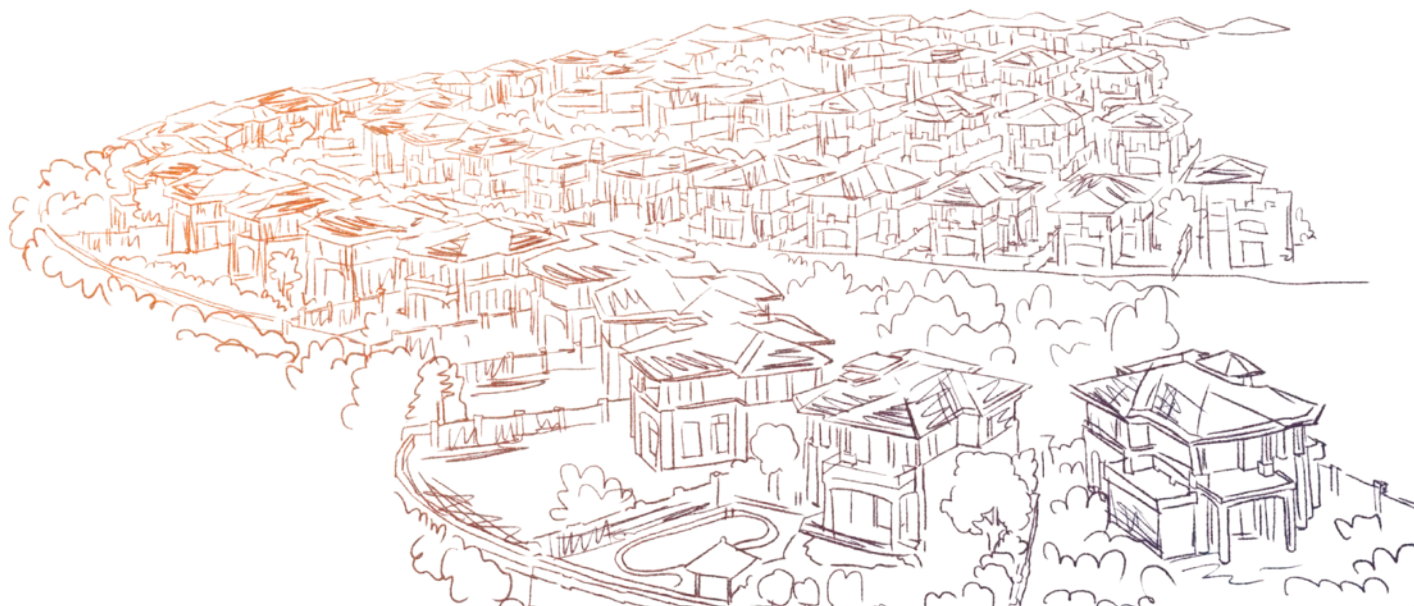
ANNUAL REPORT 2012



Corporate Profile

Agile (stock code: 3383) is one of the leading property developers in China. As a renowned brand in China, Agile is principally engaged in the development of large-scale comprehensive property projects, with extensive presence in the businesses of hotel operations, property investment and property management. The Group currently owns a diversified portfolio in 29 cities and districts across China in Guangzhou, Zhongshan, Foshan, Heyuan, Huizhou, Nanjing, Changzhou, Shanghai, Chengdu, Xi'an, Chongqing, Zhengzhou, Hainan, Yunnan, Shenyang and Tianjin. As at 25 March 2013, the Group has a land bank with a total GFA of 34.92 million sq.m. (including both lands with titles and contractual interests).

The Shares of Agile have been listed on the Main Board of Hong Kong Stock Exchange since 2005 and are constituent stocks of Morgan Stanley Capital International China Index, Hang Seng Composite Index, Hang Seng Composite Size Index and Hang Seng Mainland 100.



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Financial Highlights

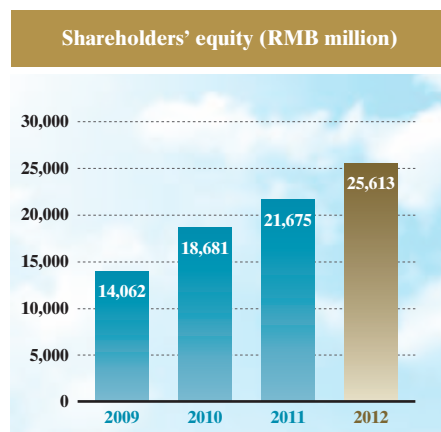
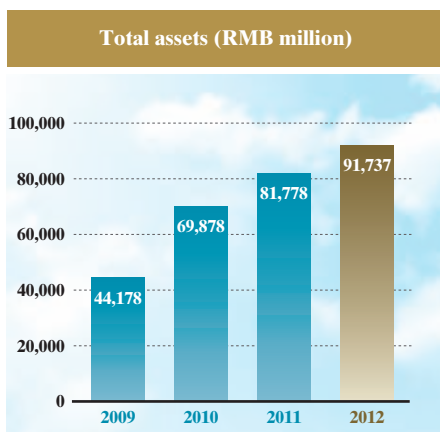
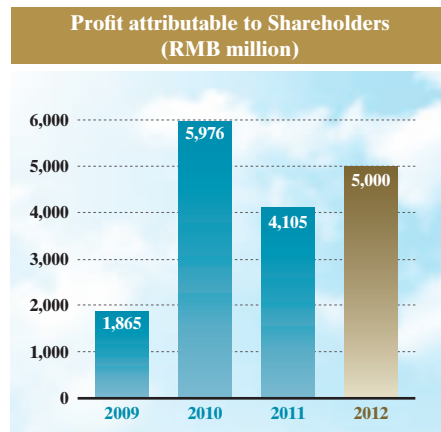
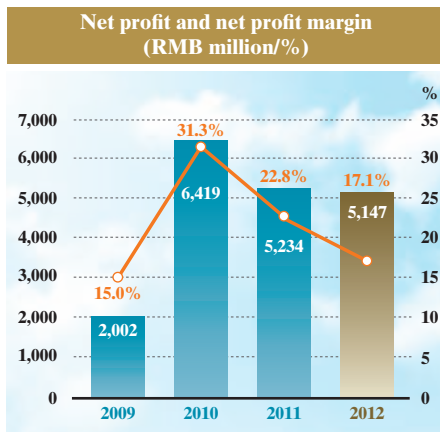
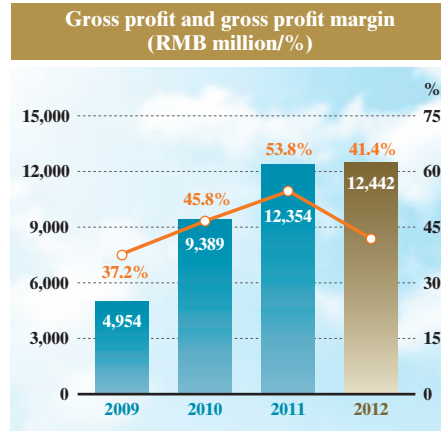
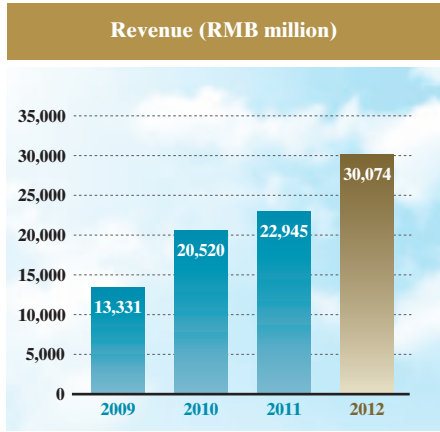
Income Statement Highlights

	Year ended 31 December		Change
	2012	2011	
Revenue (RMB million)	30,074	22,945	+31.1%
Gross profit (RMB million)	12,442	12,354	+0.7%
Gross profit margin	41.4%	53.8%	-12.4 percentage points
Net profit (RMB million)	5,147	5,234	-1.7%
Profit attributable to shareholders (RMB million)	5,000	4,105	+21.8%
Net profit margin	17.1%	22.8%	-5.7 percentage points
Basic earnings per share (RMB)	1,450	1,184	+22.5%
Full year dividend per share (HK cents)	38.4	34.2	+12.3%

Balance Sheet Highlights

	As at 31 December		Change
	2012	2011	
Total assets (RMB million)	91,737	81,778	+12.2%
Cash and cash equivalents (RMB million)	5,804	4,684	+23.9%
Restricted cash (RMB million)	3,886	2,644	+47.0%
Short-term loans (RMB million)	6,193	7,660	-19.2%
Long-term loans (RMB million)	21,372	14,371	+48.7%
Shareholders' equity (RMB million)	25,613	21,675	+18.2%
Return on equity (ROE)	19.5%	18.9%	+0.6 percentage points
Total debt/total assets	30.0%	26.9%	+3.1 percentage points
Net debt/total equity	64.0%	61.9%	+2.1 percentage points

Financial Highlights



Business Structure

As one of the leading property developers in China, Agile will continue to operate under its philosophy of “Stability, Prudence, Sustainability” to further enhance product innovation and quality.



Property Development

A land bank with a total GFA of 34.92 million sq.m. in 29 cities and districts across China





Hotel Operations and Property Investment

A total of 18 hotels in operations, construction or planning
Commercial properties include hotels, shopping malls
and office buildings

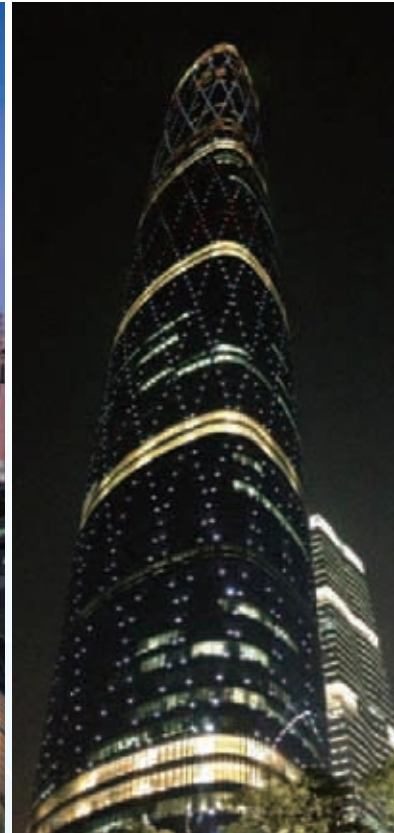


Property Management

The total GFA managed reached 21.67 million sq.m.



Milestones 2012



February

- Commencement of construction of Nanjing Pukou District Project and Majestic Garden Sanshui.

March

- The Company issued 9.875% senior notes in an aggregate principal amount of US\$700 million due 2017.
- Commencement of construction of Agile Montblanc Xi'an and Agile Manhattan Hill Foshan (formerly known as Foshan Chancheng District Project).

April

- Agile Garden City South Panyu was officially launched for sale.
- Headquarters of the Group was relocated to Guangzhou International Finance Center.
- The Group acquired the land use rights of a site in Dadukou District, Chongqing.

June

- The Group acquired the land use rights of 2 sites in Baisha Town, Zhongmu County, Zhengzhou, Henan Province, which was the first project of the Group in Henan Province.
- The Group acquired 70% equity interest of a company which holds a project in Qujiang New District, Xi'an.

July

- Agile International Plaza Shanghai was launched.



August

- Agile Montblanc Xi'an was officially launched for sale.
- The Group acquired the land use rights of 7 sites in Nongmohu District, Ruili, Yunnan Province, which was the first project of the Group in Yunnan Province.
- Commencement of construction of Changzhou Longcheng Avenue Project.

October

- Flowing Garden Conghua (formerly known as Conghua Jiekou Town Project) was officially launched for sale.
- The Group acquired the land use rights of a site in Huiyang District, Huizhou.
- Commencement of construction of The Classics Nanjing.

November

- The Magnificence Nanjing, Royal Residence Zhongshan and Agile Garden Shenyang were officially launched for sale.
- The Group acquired the land use rights of 3 sites in Tengchong County, Yunnan Province.

December

- Agile Mountain Guangzhou, New Legend Zhongshan (formerly known as Shenchong Project Zhongshan), and Beautiful Lake Zhongshan (formerly known as Zhongshan Wugui Mountain Xiuli Lake Project) were officially launched for sale.

Major Honours and Awards



Corporate Social Responsibility

**The Seventh China Charity Award —
The Most Caring Enterprises**
Ministry of Civil Affairs of PRC

**2012 Corporate Business Academy of China —
The Best Organisation Award**
*The 11th Conference on International Exchange of
Professionals
China Enterprise College Dean of Federation*

2012 Forbes China Philanthropy List
Forbes China

Caring Company
The Hong Kong Council of Social Service

Corporate Social Responsibility Awards 2012
*Capital magazine
Capital Weekly magazine*

**Capital Outstanding Green Excellence
Award 2012**
Capital magazine

**2011 Gold Cup of Guangdong Poverty
Relief Hongmian Cup**
Guangdong Leadership Group of Poverty Alleviation

**2012 Best HRM Category Awards —
Best HR Management Strategy**
51Job

Corporate Brand

The Forbes Global 2000
Forbes Magazine

**Outstanding Chinese Property Developer
Award 2012**
Economic Digest magazine

Hong Kong Outstanding Enterprise 2012
Economic Digest magazine

Top 100 Chinese Private Enterprises — Rank 8th
*China Corporate Social Responsibility (CSR) Research Centre
All-China Federation of Trade Unions
All-China Federation of Industry and Commerce
Center for Strategic Studies of Peking University
School of Management, Fudan University
Nankai University*

Major Honours and Awards



2012 The Eleventh Guangdong Real Estate Enterprises of High Credit Ratings Top 20

Industrial and Commercial Bank of China Limited (Guangdong Branch)

Agricultural Bank of China (Guangdong Branch)

Bank of China Limited (Guangdong Branch)

China Construction Bank Corporation (Guangdong Branch)

People's Online of People's Press

2012 Enterprises of the China Property Industry Top 30

2012 Top 100 Excellent Chinese Real Estate Companies

2012 Excellent Chinese Real Estate Brand
2012 Excellent Management and Team in China Real Estate

Guandian New Media

National Business Daily

China Times

Sohu Focus

Top 10 PRC-funded Shares Listed in Hong Kong in Comprehensive Value of PRC Real Estate Value Ranking

China Business News

2012 China's Valuable Real Estate Enterprise 2012 Listed Company with the Best Investment Value

National Business Daily

Top 10 Hurun Most Valuable Private Real Estate Brands

Top 50 Hurun Most Valuable Private Brands

Hurun Report

Corporate Governance / Investor Relations

Best Investor Relations (Real Estate)

IR magazine

2nd Asian Excellence Recognition Awards 2012 —

Best Investor Relations Companies (China)

Best Investor Relations Website / Promotion

Corporate Governance Asia magazine

Corporate Governance Asia Annual Recognition Award

Corporate Governance Asia magazine

The Asset Corporate Gold Award

The Asset magazine

Chairman's Statement

Leveraging over 20 years of experience in property development, flexible and effective marketing strategies, a Product Research Centre that meets international standards, a strong commitment to quality and talents from various fields, the Group develops high quality and “better value for money” products that meet international standards to cater demand from high-end and mid-range customers.

CHEN Zhuo Lin
Chairman



Dear Shareholders,

I am pleased to report the audited consolidated results of the Group for the year ended 31 December 2012:

Results and dividends

During the year, the revenue of the Group was RMB30,074 million, representing an increase of 31.1% when compared with last year. Profit attributable to shareholders amounted to RMB5,000 million, representing an increase of 21.8% when compared with last year. Basic earnings per share was RMB1.450, representing an increase of 22.5% when compared with last year.

Taking into account the Group's business development needs and Shareholders' demand for investment returns, the Board has proposed a final dividend of HK23.9 cents per share for 2012 to be paid to the Shareholders. Together with the interim dividend of HK14.5 cents paid for 2012, the total dividend of 2012 was HK38.4 cents per share, representing an increase of 12.3% when compared with last year.

Business review

During the year, the growth of global economy continued to slowdown and casted a shadow on its future prospect. In China, the Central Government's tightening measures on the housing market, including home purchase restrictions, price ceiling for newly built homes and mortgage loan restrictions, continued to make operating conditions volatile. Nevertheless, capitalising on its strengths, accurate market positioning and development strategy, the Group has actively coped with the change of market conditions, while broadening sources of income and reducing unnecessary expenditure, and achieved favourable results.

During the year, the Group recorded contracted sales of RMB33,068 million, representing a year-on-year growth of 5.0%. The contracted GFA sold was 3.24 million sq.m., which is comparable to last year. The contracted average selling price was RMB10,207 per sq.m.. With the joint efforts by all our staff, the Group has achieved annual contracted sales of over RMB30,000 million for three consecutive years.

The Group had 50 projects on sale which were located in 19 cities and districts, among which 9 were new projects in Nanjing, Xi'an, Shenyang, Guangzhou and Zhongshan.

The Group's outstanding comprehensive strength and good corporate governance were reaffirmed by receiving of several honours, including "Corporate Governance Asia Annual Recognition Award", "Best Investor Relations (China)" and "Best Investor Relations Website/Promotion" from Corporate Governance Asia magazine, as well as "The Asset Corporate Gold Award" presented by The Asset magazine and etc..

Chairman's Statement

Premium property management brand

Upholding a “customer-oriented” servicing philosophy, the Group is committed to providing residents with a safe and comfortable living environment or tenants with an efficient business environment. During the year, the Group’s property management has received several international integrated accreditations presented by The British Standards Institution, with 6 projects fulfilled the requirements of ISO9001 Quality Management System, ISO14001 Environmental Management System and OHSAS18001 Occupational Health and Safety Management System. The Group’s premium property management quality received awards and recognitions from national, provincial and municipal governmental departments during the year, such as “National Model Residential Community of Property Management” issued by the Ministry of Housing and Urban-Rural Development of the People’s Republic of China. During the year, “Harrogate”, the property management brand of the Group, which represents classic British property management services, extended its services to high-end residential and commercial projects such as Agile Mountain Guangzhou and Agile International Plaza Shanghai.

Benefit from a diversified business portfolio to disperse operational risks

The Group believes that a diversified commercial property portfolio, including hotels, shopping malls and office buildings can disperse operational risks and generate steady revenue. Furthermore, benefiting from the synergy arising from the hotels and commercial properties located within the Group’s property development projects, the value of these projects has also been enhanced.

During the year, 5 hotels of the Group located in Shanghai, Guangzhou, Zhongshan, Foshan and Nanlang, including Shanghai Marriott Hotel City Centre, were in operations. Raffles Sanya Clearwater Bay had its soft opening in early 2013, while Sheraton Egret Lake Resort Huizhou is expected to commence operations during the second half of 2013. More than 10 hotels are under construction or planning. During the year, revenue from hotel business significantly surged 1.5 times compared to last year.

Commercial properties including Agile International Plaza Shanghai and Xiqiao Metropolis Plaza recorded satisfactory occupancy rates, with other 3 major projects either under construction or being offered for leasing, among them include shopping centres and an office building. During the year, revenue from commercial properties grew 41.1% compared to last year.

Timely purchase of land parcels for future development

During the year, the Group acquired land parcels in Huizhou, Chongqing, Xi’an, Zhengzhou, Hainan Province and Yunnan Province, with a total planned GFA of 6.13 million sq.m.. The land parcels in Zhengzhou and Yunnan Province are situated in the newly explored markets of the Group.

As at 25 March 2013, the Group had a land bank with a total GFA of 34.92 million sq.m. in 29 cities and districts in China. Average land cost was RMB1,148 per sq.m.. Newly commenced GFA and completed GFA of the Group during the year were 3.58 million sq.m. and 3.96 million sq.m. respectively.

Stable financial position and flexible financing strategy

The Group adopted various financing channels for the purpose of strengthening and optimising its financial structure. The Group believes that a sound financial position and good corporate governance would help strengthen the market confidence in the Group and reduce borrowing costs. In addition to bank loans and US\$700 million (equivalent to RMB4,407 million) 9.875% senior notes due 2017 issued during the year, the Company successfully issued US\$700 million (equivalent to RMB4,393 million) 8.25% Subordinated Perpetual Capital Securities in January 2013. Both the securities and the senior notes issuance previously received overwhelming oversubscription, signaling a high degree of capital market confidence in the prospect of the Group. The two international rating agencies, Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, maintained their credit ratings on the Group and its bonds at "Ba2" and "BB" respectively (both with a "Stable" outlook), one of the best in the industry, fully reflecting the sound financial position and promising outlook of the Group.

As at 31 December 2012, the total cash and bank balances of the Group were RMB9,689 million and committed but undrawn borrowing facilities were RMB1,484 million.

Good corporate governance and multi-channel communications

The Group upholds the concept of "mutual communication for a win-win situation" to retain good investor relations, and has also taken a proactive approach to promote effective communication and building long-standing, stable relationships with commercial banks, investment banks, investors and analysts, thereby expanding its financing channels, reducing financing costs and optimising its financial structure.

A responsible corporate citizen

Upholding the belief of "benefiting from society, giving back to society", the Group has been committed to fulfilling their corporate social responsibilities. During the year, the Group took an active part in various charitable activities in Mainland China, Hong Kong and Macau, including donations to the Charitable Society of Meizhou, Guangdong and Chinese Language and Culture Education Foundation of China, and supporting "30-Hour Famine" of World Vision in Hong Kong and Macau as the principal sponsor for the third consecutive year.

The Group's efforts in respect of corporate social responsibility have been recognised and affirmed. During the year, the Group received the "China Charity Awards" from the Ministry of Civil Affairs of the People's Republic of China for the third time and was ranked sixth in "2012 Forbes China Philanthropy List". The Group has been granted the logo of "Caring Company" by The Hong Kong Council of Social Service for the fifth consecutive year and honoured with "Corporate Social Responsibility Award" presented by Capital and Capital Weekly for the second consecutive year.

Sustainable development

The Group has realised that environmental protection is a key part in its sustainable development, and strives to contribute to environmental protection through project planning to completion and sale, as well as property management and hotel operations. Furthermore, the Group actively promotes environmental education and encourages the staff to practise low carbon living.

Chairman's Statement

Prospects and strategies

The global financial and economic conditions are likely to remain the same throughout 2013. The Central Government is expected to maintain its tightening measures on the property market. However, it is anticipated that China can maintain a high single-digit economic growth, and the Group is cautiously optimistic about the property market in 2013 as the inelastic demand and home improvement demand in the market continue to increase. As China's economy continues to grow and implementation of urbanisation policies continues to take place, the housing demand is likely to maintain its uptrend. Therefore, the Group remains optimistic towards the long-term development of the property market.

With a sound financial position, the Group will strategically acquire land parcels for future development needs. Leveraging over 20 years of experience in property development, flexible and effective marketing strategies, a Product Research Centre that meets international standards, a strong commitment to quality and talents from various fields, the Group develops high quality and "better value for money" products that meet international standards to cater demand from high-end and mid-range customers. By upholding our spirit of "From Heart. Beyond Living.", complemented with reasonable pricing corresponding to local markets, attentive property management services, comprehensive after-sales services and good reputation from the owners, we are confident that our products, whether designed for customers looking for home improvements, meeting inelastic demand or seeking vacation-style properties, will be well received.

The Group has accumulated extensive experience in developing composite properties in city outskirts or cities with high growth potential, and these land parcels possessed impressive development potential and plenty of

room for appreciation. Therefore, the Group will continue to implement such development strategy, supplemented by the operations of hotels, shopping malls and office buildings so as to diversify the operational risk. Meanwhile, the Group will actively explore the feasibility of further developing tourism property, and is confident in achieving further heights with extensive experiences and a proven track record in this sector.

In 2013, the Group intends to launch 13 new projects across the nation, including Agile Metropolis Xiqiao, Agile Manhattan Hill Foshan, Majestic Garden Sanshui, Nanjing Pukou District Project, The Classics Nanjing, Changzhou Longcheng Avenue Project, etc.. In addition, new phases will also be launched by existing projects, bringing the number of projects on sale to 62 for the year. New projects, products and phases will provide sufficient products available for sale and further increase the nationwide influence of the Agile brand. In 2013, the Group's contracted sales target is RMB42,000 million.

In respect of operations management, the Group will continue to broaden sources of income and reduce unnecessary expenditure, further improve the core competitiveness of each segment, as well as enhance the internal monitoring system and raise the internal management standard by rigorously implementing the proactive cost control system. The Group will also apply advanced information technology to optimise its management efficiency.

Looking ahead, the Group is committed to maintaining its competitive position in China's property industry, in order to maximise values for its shareholders. While maintaining healthy and sustainable development, the Group will also continue its promise of undertaking corporate social responsibilities and contributing to society by taking part in charity affairs.

Chairman's Statement

Acknowledgement

On behalf of the Board, I would like to extend my heartfelt gratitude to the enormous support of our Shareholders and customers, as well as the dedicated efforts of all our staff members, which enables Agile to achieve steady growth and satisfactory results.

CHEN Zhuo Lin

Chairman

Hong Kong, 25 March 2013

Management Discussion and Analysis

Overall performance

During the year, the Group's revenue was RMB30,074 million (2011: RMB22,945 million), representing an increase of 31.1% over 2011. The operating profit was RMB10,465 million (2011: RMB10,681 million), representing a slight decrease of 2.0% over last year. Profit attributable to shareholders (including after-tax fair value gains on investment properties) was RMB5,000 million (2011: RMB4,105 million), representing an increase of 21.8%. Basic earnings per share and diluted earnings per share were RMB1.450 and RMB1.305 (2011: RMB1.184 and RMB1.067) respectively, representing an increase of 22.5% and 22.3% respectively. Basic earnings per share excluding after-tax fair value gains on investment properties was RMB1.411 (2011: RMB1.164), representing an increase of 21.2%.

Land Bank

It is the Group's long-term land bank development strategy to continue its prudent replenishment plan, making select opportunistic acquisitions during the year while optimising the product mix within its existing land bank in accordance with the development needs and market conditions. As at 25 March 2013, the Group has a land bank with a total GFA of 34.92 million sq.m. in 29 cities and districts across China, located in Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan Province Region, Yunnan Province Region, Northeast China Region and Northern China Region. The average land cost was RMB1,148 per sq.m. only.

In 2012, the Group acquired land parcels with a total planned GFA of 6.13 million sq.m. and with a total consideration of RMB2,794 million. These newly acquired sites are located in Huizhou, Chongqing, Xi'an, Zhengzhou, Hainan Province and Yunnan Province. Among which, Zhengzhou and Yunnan Province were the newly explored markets of the Group.

The following table sets forth the details of the newly acquired land parcels:

Land parcel name	City/District	GFA (sq.m.)
Southern China Region		
Site in Huiyang, Huizhou	Huizhou	2,576,665
Western China Region		
Site in Dadukou District, Chongqing	Chongqing	348,172
Site in Qujiang New District, Xi'an	Xi'an	215,092
Central China Region		
Site in Zhongmou County, Zhengzhou	Zhengzhou	196,634
Hainan Province Region		
Site in Wenchang	Wenchang	298,145
Site in Clearwater Bay, Hainan	Lingshui	151,991
Yunnan Province Region		
Site in Ruili, Yunnan	Ruili	731,852
Site in Tengchong, Yunnan	Tengchong	1,613,751
Total (As at 31 December 2012)		6,132,302

Management Discussion and Analysis

Property development and sales

During the year, the Group's total recognised sales was RMB29,328 million, representing an increase of 30.5% when compared with RMB22,466 million in 2011. The total recognised GFA sold was 3.20 million sq.m., representing an increase of 49.8% when compared with 2.14 million sq.m. in 2011. The recognised average selling price decreased by 12.8% to RMB9,166 per sq.m. in 2012 from RMB10,517 per sq.m. in 2011, mainly due to the change of geographical distribution of recognised sales.

Property management

During the year, the property management fee income of the Group was RMB418 million, representing an increase of 23.5% when compared with RMB339 million in 2011, which was mainly attributable to an increase in the total GFA managed to 21.67 million sq.m. (2011: 15.49 million sq.m.), serving more than 450,000 residents.

Hotel operations

During the year, the revenue from the Group's hotel operations was RMB302 million, representing a significant increase of 148.3% when compared with RMB122 million in 2011. The increase was mainly attributable to Shanghai Marriott Hotel City Centre which commenced operation in November 2011, broadening the Group's overall income base.

Property Investment

In line with the prudent development strategy of the Group and to further diversify the business portfolio so as to generate a stable income, the Group designated certain commercial properties for long-term rental yields. During the year, revenue of the property investment of the Group was RMB26 million, representing an increase of 41.1% when compared with RMB18 million in 2011.

Cost of sales

Cost of sales of the Group mainly refers to the costs incurred directly from its property development activities, including cost of construction, fitting-out and design, land use rights, interest capitalised and business tax.

Cost of sales increased by 66.5% to RMB17,632 million in 2012 from RMB10,590 million in 2011. The increase was mainly due to (i) the increase of the total recognised sales during the year, (ii) the increase in the cost of main construction and fitting-out materials, and (iii) the strategy of using high-quality materials to enhance product quality and competitiveness in order to promote sales.

Gross profit

During the year, gross profit of the Group (before the provision for land appreciation tax) amounted to RMB12,442 million, which was comparable with last year. Gross profit margin decreased to 41.4%, but it was still maintained at a higher level in the industry. The fall in gross profit margin was mainly attributable to (i) the significant change in the proportion of the Group's recognised sales as contributed by different cities/districts, in particular a significant drop in the proportion of Hainan Clearwater Bay which had a relatively high gross profit margin last year, and (ii) the increase in cost of sales over last year as stated earlier.

Fair value gains on investment properties

During the year, the Group recorded the fair value gains on investment properties amounting to RMB178 million. After deducting RMB45 million for the deferred income tax on fair value gains, the net amount of the fair value gains was RMB133 million.

Other income

Other income of the Group decreased by 33.6% to RMB133 million in 2012 from RMB200 million in 2011. The decrease was mainly attributable to the decrease in interest income of bank deposits during the year.

Management Discussion and Analysis

Selling and marketing costs

Selling and marketing costs of the Group increased by 17.4% to RMB980 million in 2012 from RMB835 million in 2011. The increase was mainly attributable to the increase of the promotional expenses by 9.4% from RMB659 million in 2011 to RMB721 million in 2012.

Administrative expenses

Administrative expenses of the Group increased by 28.8% to RMB1,129 million in 2012 from RMB877 million in 2011. The increase was mainly attributable to the optimisation of Group's overall staff's salary and welfare and the recruitment of various talented people to cope with the business growth. In this connection, salaries and wages increased by 21.8% to RMB374 million in 2012 from RMB307 million in 2011. In addition, as a result of the move of the Group's headquarter to the central business district of Guangzhou in April 2012, rental expenses increased by 68.2% to RMB51 million in 2012 from RMB30 million in 2011.

Other expenses

Other expenses of the Group increased by 101.8% to RMB213 million in 2012 from RMB105 million in 2011. The increase was mainly attributed to the charitable donations by the Group which increased by 112.5% to RMB177 million in 2012 from RMB83 million in 2011. This demonstrates the Group's active fulfillment of corporate social responsibilities and obligations.

Finance (costs)/income, net

During the year, the Group recorded net finance costs of RMB46 million, compared with a net finance income of RMB645 million in 2011. The change was mainly attributable to the significant decrease in exchange gains, arising from borrowings and bonds denominated in Hong Kong dollars and United States dollars to RMB32 million in 2012 (2011: RMB645 million). Besides, the interest expenses amounting to RMB78 million were charged in the consolidated income statement as the construction of the related properties have been completed.

Share of post-tax loss of an associate

During the year, the share of post-tax loss in Guangzhou Li He Property Development Company Limited (廣州利合房地產開發有限公司) ("Li He") (an associate in which the Group holds 20% equity interest) was RMB87 million.

Fair value gains on embedded financial derivatives

In April 2011, the Group issued 4% Convertible Bonds in an aggregate principal amount of US\$500 million (equivalent to RMB3,253 million) due 2016. During the year, the gain from change in fair value of embedded financial derivatives was RMB200 million (2011: RMB177 million).

Profit attributable to shareholders

Profit attributable to shareholders was RMB5,000 million (2011: RMB4,105 million), representing an increase of 21.8% when compared with 2011. After deducting the after-tax fair value gains on investment properties, the profit attributable to shareholders was RMB4,868 million (2011: RMB4,035 million), representing an increase of 20.6% when compared with 2011.

Liquidity, Financial and Capital Resources

Cash position and fund available

As at 31 December 2012, the total cash and bank balances of the Group were RMB9,689 million (31 December 2011: RMB7,328 million), representing an increase of 32.2% when compared with last year and can fully cover the borrowings due from repayment in one year. Among which, the unrestricted cash was RMB5,804 million (31 December 2011: RMB4,684 million) and restricted cash was RMB3,885 million (31 December 2011: RMB2,644 million).

As at 31 December 2012, the Group's undrawn borrowing facilities were RMB1,484 million (31 December 2011: RMB1,814 million).

Management Discussion and Analysis

As at 31 December 2012, the Group's available financial resources amounted to RMB11,173 million (31 December 2011: RMB9,142 million). The Group has adequate financial resources to meet future funding requirements.

In January 2013, the Group successfully issued US\$700 million (equivalent to RMB4,393 million) 8.25% Subordinated Perpetual Capital Securities, further optimising its capital structure and maintaining stable and sufficient cash flows.

Borrowings

During the year, given the volatile capital market environment, the Group has proactively diversified its funding sources, to lengthen its debt maturity profile and properly minimise any refinancing risk. By way of various onshore and offshore funding sources, the Group successfully raised new borrowings amounting to

RMB13,842 million, and borrowings of RMB8,528 million were repaid.

The Group demonstrated its good capability of tapping funding in the offshore bond market, as evidenced by its successful new issue of US\$700 million (equivalent to RMB4,407 million) 9.875% senior notes repayable in 2017 on the right time. The Group was also granted banking facilities for RMB1,450 million. As for its onshore financing sources, the Group raised new borrowings amounting to RMB8,077 million.

As at 31 December 2012, the Group's total borrowings amounted to RMB27,565 million, of which bank borrowings, senior notes, debt component of Convertible Bonds and other borrowings amounted to RMB13,266 million, RMB10,179 million, RMB2,370 million and RMB1,750 million respectively.

Repayment schedule	2012 (RMB million)	2011 (RMB million)
Bank borrowings		
Within 1 year	6,193	5,059
Over 1 year and within 2 years	3,357	2,991
Over 2 years and within 5 years	2,689	2,450
Over 5 years	1,027	891
Subtotal	13,266	11,391
Senior notes		
Over 2 years and within 5 years	10,179	1,817
Over 5 years	–	4,022
Subtotal	10,179	5,839
Convertible Bonds – debt component		
Over 2 years and within 5 years	2,370	2,201
Other borrowings		
Within 1 year	–	2,600
Over 1 year and within 2 years	1,750	–
Subtotal	1,750	2,600
Total	27,565	22,031

Management Discussion and Analysis

As at 31 December 2012, the Group's bank borrowings of RMB7,244 million (31 December 2011: RMB5,722 million) were secured by the Group's land use rights and properties, and the Group's bank borrowings of RMB1,246 million (31 December 2011: RMB446 million) were secured by its bank deposits. The offshore loans, senior notes and Convertible Bonds were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The net assets of these subsidiaries were RMB5,486 million as at 31 December 2012 (31 December 2011: RMB5,440 million).

The gearing ratio is the ratio of net borrowings (total borrowings less total of cash and cash equivalents and restricted cash) against total equity. As at 31 December 2012, the gearing ratio was 64.0% (2011: 61.9%), demonstrating that the Group's gearing ratio is at a reasonable level.

Currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank loans are denominated in Hong Kong dollars and United States dollars, and the Group's Convertible Bonds and the senior notes are denominated in United States dollars. Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations.

Cost of borrowings

In 2012, the total cost of borrowings of the Group was RMB2,527 million, representing an increase of RMB746 million when compared with 2011. The increase was mainly attributable to higher average balance of bank borrowings in 2012 and the rise in the borrowing rate.

Financial guarantee

The Group is in cooperation with certain financial institutions for the provision of mortgage loan facility for its purchasers of property and has provided guarantees to secure repayment obligations by such purchasers. As at 31 December 2012, the outstanding guarantees were RMB13,211 million (31 December 2011: RMB12,443 million). Such guarantees shall terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after taking over of the possession of the relevant property by the purchasers; or (ii) the discharge of the relevant mortgage loan payments by the purchasers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by the purchasers, the Group is liable to pay the banks any outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted purchasers but the Group is entitled to take over the legal title and the possession of the related properties. The Group's guarantee commences from the date of grant of mortgage loans by the mortgagees. No provision has been made for the guarantees given as the net realisable value of the related properties is enough to cover the loss after the repayment of any outstanding mortgage principals together with the accrued interest and penalty in defaulted repayments.

In addition, the Group and other four parties (the "Five Shareholders") of Li He have provided certain guarantees in respect of loan facilities amounting to RMB2,650 million (31 December 2011: RMB3,873 million) and RMB2,702 million (31 December 2011: RMB2,912 million) in proportion to their shareholding in Li He. The Group's share of the guarantees amounted to RMB530 million (31 December 2011: RMB775 million) and RMB675 million (31 December 2011: RMB728 million) respectively.

Management Discussion and Analysis

Commitments

As at 31 December 2012, the commitments of the Group in connection with the property development activities were RMB21,703 million (31 December 2011: RMB25,675 million). The Group has also committed to pay outstanding land premium resulting from land acquisitions in the amount of RMB612 million (31 December 2011: RMB191 million).

Human resources

As at 31 December 2012, the Group had a total of 13,439 employees, among which 123 were senior management and 335 were middle management. By geographical locations, there were 13,375 employees in Mainland China and 64 employees in Hong Kong and Macau. For the year ended 31 December 2012, the total remuneration costs, including directors' remuneration, were RMB1,050 million (2011: RMB856 million).

Property Development

The healthy development of the Group's property development business is attributable to various competitive factors including the continuous pursuit of innovative and excellent product designs, quality yet price-competitive land acquisition strategy, and the unfailing support of customers.





**Southern
China
Region**

**Eastern
China
Region**

**Western
China
Region**

**Central
China
Region**

**Hainan
Province
Region**

**Yunnan
Province
Region**

**Northeast
China
Region**

**Northern
China
Region**

Property Development

Business Overview

During the year, capitalising on its strengths, the Group adhered to a flexible and prudent development strategy and actively responded to market changes, including prudent land acquisition to reduce capital expenditure. The Group also flexibly rescheduled the construction progress of some projects, including sped up the construction of well received and new projects, while slowing down the construction progress of projects with sufficient units ready for sale to control cash flow, and ensure adequate product supply for each project. The Group strengthened its pre-launch construction and preparation and improved customer confidence in its products through showcasing completed units and gardens in its sales campaigns to raise brand awareness and expedite sales. Its target customer base was expanded by optimising existing units and diversifying product portfolio. It also made appropriate price adjustment for some products to expedite sales and secure liquidity.

During the year, the Group had 50 projects on sale situated at 19 cities and districts, including 9 new projects for sale, namely Agile Garden City South Panyu, Agile Montblanc Xi'an, Flowing Garden Conghua (formerly known as Conghua Jiekou Town Project), The Magnificence Nanjing, Royal Residence Zhongshan, Agile Garden Shenyang, Agile Mountain Guangzhou, New Legend Zhongshan (formerly known as Shenchong Project Zhongshan), and Beautiful Lake Zhongshan (formerly known as Zhongshan Wugui Mountain Xiuli Lake Project). The Group recorded contracted sales of RMB33,068 million for the year,

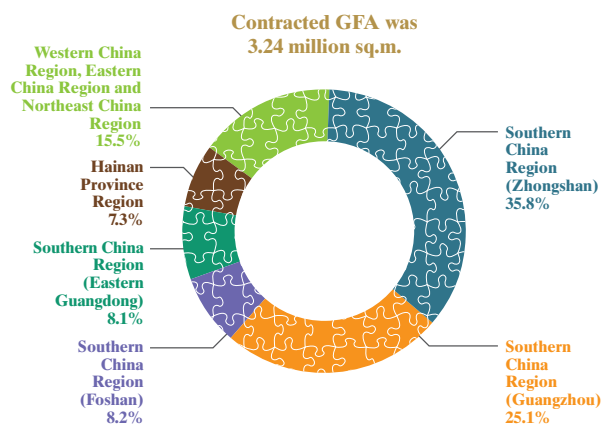
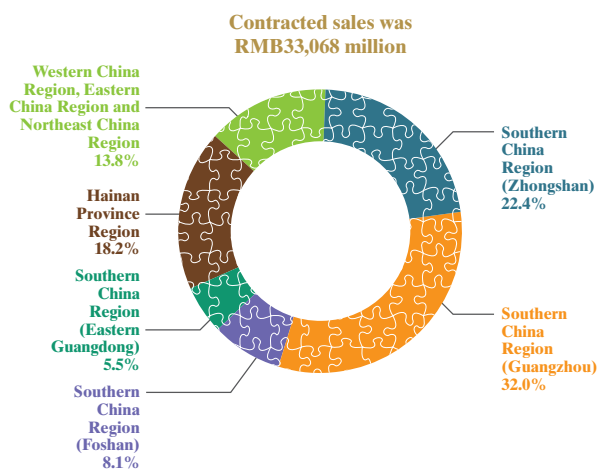
representing a year-on-year growth of 5%. Contracted GFA sold was 3.24 million sq.m., comparable to last year. The contracted ASP was RMB10,207 per sq.m..

Looking back in 2012, the Group continued to adopt its geographic diversification strategy. During the year, there were 9 new projects for sale, and among them 3 were located in cities outside the Guangdong province, namely Nanjing, Shenyang and Xi'an.

During the year, the overall sales performance of the Group fulfilled its expectation. In spite of the challenging market condition, the Group recorded satisfactory sales in various markets.

In Zhongshan, Southern China Region, the Group maintained its leading market position. Agile Yorkshire Zhongshan and The Century Zhongshan recorded remarkable sales, ranking top in the local market in terms of the number of units and total areas sold.

In Guangzhou, Southern China Region, Agile Cambridgeshire Guangzhou launched various property phases and ground floor shops, including "Burley Hill", "Enjoy" and "Sky Range" during the year. Its diversified products were well received by customers and have been sold out rapidly shortly after they were launched. In August, "The Floral" of Agile Uptown Huadu was launched under precise product positioning. Its 3-bedroom units and 4-bedroom units were highly sought after by customers with inelastic market demand, with over 1,000 units sold in 40 days, ranking first in



terms of property sales in Huadu. Moreover, Agile Yubinfu Zengcheng was sold out in advance in the first half of the year. Since its launch in April mainly catering for inelastic market demand, Agile Garden City South Panyu has made impressive sales with over 1,000 units of the entire project basically sold out. Another project in the same district, Gorgeous Days Panyu, showcased completed units and gardens in its sales campaign for the first time, and this innovative sales method was well received by the market. Both projects had leading market performance in Shiqiao District, Guangzhou. In October, Flowing Garden Conghua (formerly known as Conghua Jiekou Town Project) commenced sale and recorded excellent contracted sales of over RMB500 million. Its apartments were sold out rapidly. In addition, Agile Mountain Guangzhou, which was a masterpiece marking the 20th anniversary of the Group, was created according to high-end standards in respect of master planning, landscape design and unit types. Its high quality attracted customers' attention and achieved contracted sales amounted to over RMB900 million shortly after its launch.

In Foshan, Southern China Region, Imperial Palace Nanhai was launched for sale for 3 times in 2 months and was well received by the market. With over 1,800 units sold, the project recorded contracted sales of over RMB1,500 million in the year.

In Western and Eastern China regions, Agile International Garden Chongqing continued to be highly coveted during the year and Agile Montblanc Xi'an was launched in August ahead of schedule with positive market responses. "Platinum Garden", a new phase of Agile Garden Chengdu, and The Magnificence Nanjing, targeting high-end markets, had achieved satisfactory results.

In Hainan Province Region, "River Park", a new phase of Hainan Clearwater Bay, was launched at the beginning of the year and received overwhelming market response. The total contracted sales of Hainan Clearwater Bay for the year was over RMB6,000 million, making it a perennial champion of sales result achieved by a single project in Hainan Province.

The Group targets to achieve diversification of business and enhance brand name of the Group nationwide, in order to increase market share and maintain a steady

growth in contracted sales every year. In such regard, the Group will continue to pursue innovation and excellence in product development, acquire quality land with competitive price, as well as to maintain the unfailing supports and good reputation from customers, which also serve as the cornerstone of the Agile brand. The Group has also adhered to a prudent land acquisition strategy. During the year, the Group acquired land parcels in Huizhou, Chongqing, Xi'an, Zhengzhou, Hainan and Yunnan provinces by way of tender, auction, listing-for-sale and equity acquisition at a total consideration of RMB2,794 million. The total planned GFA of the newly acquired land was 6.13 million sq.m.. Among them Zhengzhou and Yunnan Province are 2 newly-explored markets. Given the pleasant year-round weather and advantageous natural landscape of Yunnan, and the immense development potential of Zhengzhou, we believe that our projects in these 2 markets will realise reasonable returns for the Group.

Newly commenced GFA and completed GFA of the Group during the year were 3.58 million sq.m. and 3.96 million sq.m. respectively. As at 31 December 2012, the Group's completed GFA in the land bank was 1.26 million sq.m. and the GFA under development was 6.97 million sq.m..

As at 25 March 2013, the Group had a land bank with a total GFA of 34.92 million sq.m. in 29 cities and districts in China. The average land cost was RMB1,148 per sq.m. only, which was merely 11.2% of the contracted ASP in 2012. The Group firmly believes that land parcels situated at prime location with low cost can bring flexibility and competitiveness to its future development.

Since its establishment, the Group has had 81 projects in different stages of development. Looking ahead, the Group will make good use of the Product Research Centre to develop units and designs that are innovative, practical and user-friendly, so as to further strengthen the solid foundation of property development of the Group. The Group will also capitalise on the competitive edges of the Hong Kong headquarters to attract professionals from around the world, including architects, interior designers, urban planners and landscape designers, thereby sustaining the leading position of its products.

Property Development

Project Overview (as at 25 March 2013)

Southern China Region

		No. of Projects	Project Total GFA (sq.m.)	Land Bank (sq.m.)
Guangzhou	Panyu	8	7,625,063	1,319,659
	Baiyun	2	454,305	2,529
	Tianhe	1	88,466	88,466
	Liwán	1	54,864	13,283
	Luogang	1	613,624	613,624
	Zengcheng	1	111,680	111,680
	Huadu	4	1,162,174	600,042
	Conghua	3	828,135	487,273
	Zhongshan	20	10,874,351	5,533,817
Foshan	Nanhai	3	1,385,625	296,290
	Chancheng	2	438,897	115,140
	Sanshui	2	850,969	375,494
	Shunde	3	912,003	401,085
Eastern Guangdong	Heyuan	1	2,729,481	2,110,897
	Huizhou	2	4,576,665	3,973,877
Total		54	32,706,302	16,043,156

Eastern China Region

		No. of Projects	Project Total GFA (sq.m.)	Land Bank (sq.m.)
Nanjing		4	1,500,086	1,142,180
Changzhou		1	559,765	559,765
Shanghai		1	433,260	433,260
Total		6	2,493,111	2,135,205

Western China Region

		No. of Projects	Project Total GFA (sq.m.)	Land Bank (sq.m.)
Chengdu		1	1,606,752	1,010,349
Xi'an		3	819,036	585,635
Chongqing		2	812,015	561,938
Total		6	3,237,803	2,157,922



Central China Region

		No. of Projects	Project Total GFA (sq.m.)	Land Bank (sq.m.)
Zhengzhou		1	196,634	196,634
Total		1	196,634	196,634

Hainan Province Region

		No. of Projects	Project Total GFA (sq.m.)	Land Bank (sq.m.)
Lingshui		2	10,022,769	9,064,047
Wenchang		1	298,145	298,145
Ding'an		1	56,097	56,097
Total		4	10,377,011	9,418,289

Yunnan Province Region

		No. of Projects	Project Total GFA (sq.m.)	Land Bank (sq.m.)
Tengchong		1	2,380,033	2,380,033
Ruili		1	731,852	731,852
Total		2	3,111,885	3,111,885

Northeast China Region

		No. of Projects	Project Total GFA (sq.m.)	Land Bank (sq.m.)
Shenyang		1	1,122,735	1,122,735
Total		1	1,122,735	1,122,735

Northern China Region

		No. of Projects	Project Total GFA (sq.m.)	Land Bank (sq.m.)
Tianjin		1	3,010,901	731,052
Total		1	3,010,901	731,052

Grand Total		75	56,256,382	34,916,878
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Property Development

Project Overview (as at 25 March 2013)

29 Cities and Districts
Total Land Bank

34,916,878 sq.m.

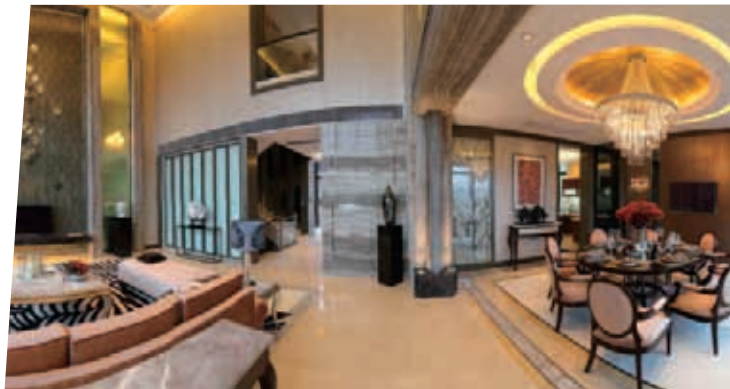


Property Development

Flagship Projects at a Glance

Southern China Region

New Legend Zhongshan



New Legend Zhongshan (formerly known as Shenchong Project Zhongshan), a new project located at Huoju Development Zone, Zhongshan, features low-density and high-rise residential buildings where residents can enjoy well-developed ancillary facilities of La Cité Greenville Zhongshan and the natural resources of Changjiang Reservoir and Wugui Mountain.

Total GFA
769,751 sq.m.

*Agile Cambridgeshire
Guangzhou*



Agile Cambridgeshire Guangzhou in Panyu District hugs mountains on three sides while overlooking the University City opposite to the Pearl River to the north. With its top-notch modern architectural planning and landscape design, a new classic masterpiece is evolved to demonstrate a living environment beyond comparison.

Total GFA

1,128,255 sq.m.

Property Development

Flagship Projects at a Glance

Southern China Region

Flowing Garden Conghua



Flowing Garden Conghua (formerly known as Conghua Jiekou Town Project), located at Jiekou Town, Conghua, mainly features low-density residential area with a greenery ratio of over 40%. Accentuated by its meticulous landscape design, the project is an integration of residential and recreational elements.

Total GFA

434,023 sq.m.

Agile Uptown Huadu



Agile Uptown Huadu is characterised by its premium residential planning with comprehensive ancillary facilities and it is known as the largest integrated project in Huadu District.

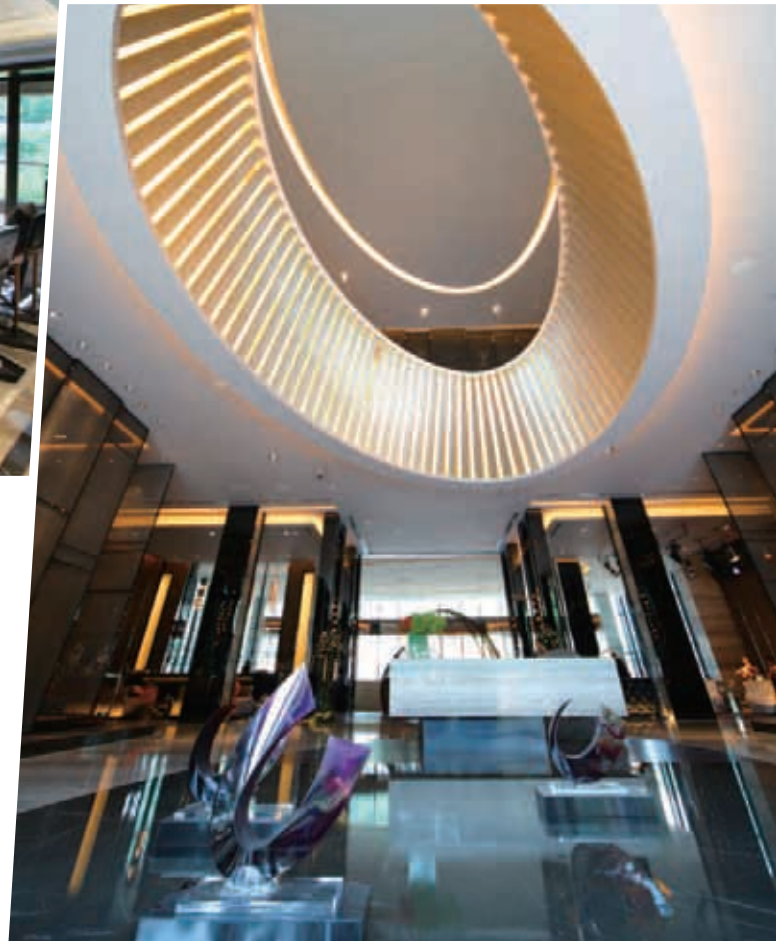
Total GFA

652,102 sq.m.

Property Development

Flagship Projects at a Glance

Agile Mountain Guangzhou



Agile Mountain Guangzhou, located at Science City, Luogang District, is designed by a team of international experts featuring high-end residential buildings whilst nestling adjacent to a natural mountain. The project is also equipped with an international 5-star premium hotel standard clubhouse which provides an incomparable living environment for the residents.

Total GFA
613,624 sq.m.

Property Development

Flagship Projects at a Glance

Southern China Region

Imperial Palace Nanhai



Imperial Palace Nanhai, situated at the heart of the prosperous Dali Town, Nanhai District, is with refined community environment and comprehensive facilities, and well received by the market.



Total GFA

372,834 sq.m.

Agile Manhattan Hill Foshan



Agile Manhattan Hill Foshan (formerly known as Foshan Chancheng District Project) is a brand new exquisitely designed project developed in 2013. Located at Chancheng District, the core of Foshan, the project is surrounded by the well developed municipal facilities.



Total GFA

73,716 sq.m.

Property Development

Flagship Projects at a Glance

Agile Egret Lake Huizhou



Agile Egret Lake Huizhou is situated at the northeast of Huizhou and is richly endowed by natural resources that composites picturesque scenery with a beautiful lake, verdant hills and natural ecology. Complemented by the Sheraton Egret Lake Resort Huizhou, the project seamlessly combines business, sightseeing, recreational and residential elements.

Total GFA

2,000,000 sq.m.



Property Development

Flagship Projects at a Glance

Eastern China Region

The Magnificence Nanjing



The Magnificence Nanjing is situated in the area of Jiulong Lake Nanjing where it overlooks the Jiulong Lake to the east and Sanshan to the west. Featuring scrupulous designs, the project is a masterpiece among local high-end properties.



Total GFA

228,040 sq.m.

*The Classics
Nanjing*



The Classics Nanjing is situated at the intersection of the eastern bank of Qinhuai River and the eastern section of Zhonghua Gate of the Ming Dynasty City Wall with proximity to the commercial circle of Fuzi Temple. The project is to be forged into a high-end, low-density residential community with a touch of traditional Chinese architectural style featuring ancient “lanes-and-alley” pattern which brings a rich historical and cultural ambiance.

Total GFA

59,600 sq.m.

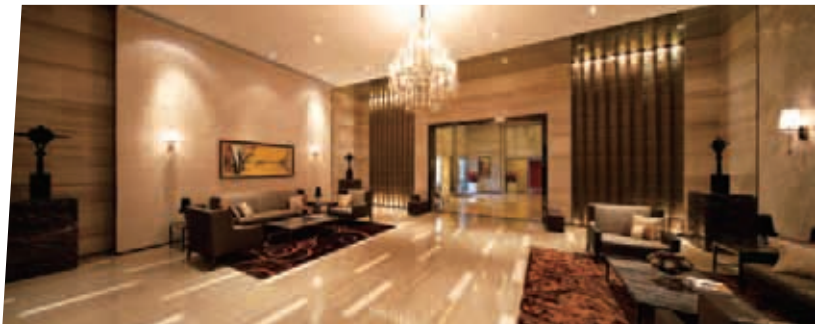


Property Development

Flagship Projects at a Glance

Western China Region

Agile Montblanc Xi'an

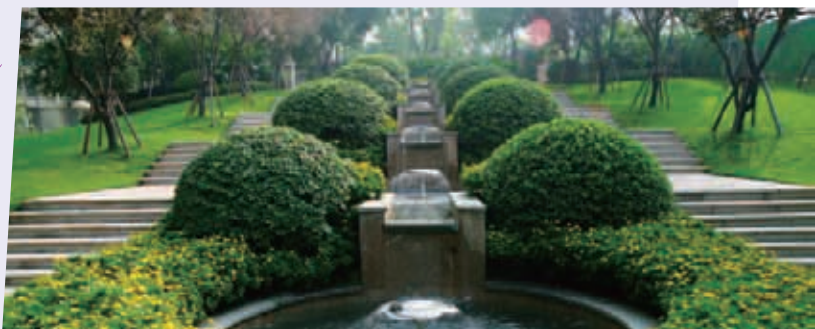


Agile Montblanc Xi'an, located at Chang'an District, Xi'an, perfectly incorporates the theme of waterscapes and the sophisticated elements of European classic garden designs into its overall planning. The community, with a greenery ratio of 40% and building density of merely 15%, is equipped with pleasing ancillary facilities such as luxurious club houses, schools, sports arenas and shopping streets to meet residents' pursuit of refined life style.

Total GFA

369,505 sq.m.

Agile International Garden Chongqing



Agile International Garden Chongqing is adjacent to Jiangnan University City with an impressive greenery ratio of 50%. The project is a rare low-density green community at the heart of Chongqing and a proven masterpiece among local high-end developments.

Total GFA

463,843 sq.m.

Property Development

Flagship Projects at a Glance

Agile Garden Chengdu



Agile Garden Chengdu is located in the city south with high development potential. Its high-end phase, “Platinum Garden”, is an exemplification of world-class residence with interior designs of marvelous craftsmanship and exquisite landscape.

Total GFA

1,606,752 sq.m.



Property Development

Flagship Projects at a Glance

Hainan Province Region

Hainan Clearwater Bay



Hainan Clearwater Bay, located at Lingshui Li Minority Autonomous County, features a beautiful beach with a breathtaking 12 kilometer-long coastline. The project embodies vacation, tourism, health-keeping, business, sports and fine residence as a whole and is crowned the best-selling property in Hainan for 4 consecutive years.

Total GFA

10,022,769 sq.m.

(Including Hainan Clearwater Bay A Project and Hainan Clearwater Bay B Project)



Property Development

Flagship Projects at a Glance



Property Development

Flagship Projects at a Glance

Yunnan Province Region

Tengchong Project



Tengchong Project, located at Qushi Town, Tengchong County, is blessed with pleasant weather throughout the year. The project is planned to be not only combining world-class hotels and commercial and residential ancillary facilities, but also a tourism property project with focus on both natural scenery and top quality.

Total GFA

2,380,033 sq.m.



Northeast China Region

*Agile Garden
Shenyang*



Agile Garden Shenyang, located at Shenbei District, overlooks the spectacular view of Pu River. The project embodies the design concept of creating the maximum space for residents' recreation. Its architectural clusters of neoclassic style make a full statement of nobility and elegance whilst mingling the ecological design of three-dimension landscape into every aspect of the architecture.

Total GFA

1,122,735 sq.m.

Hotel Operations and Property Investment

The Group believes that a diversified commercial property portfolio, including hotels, shopping malls and office buildings can disperse operational risks and generate steady revenue.



Raffles Sanya Clearwater Bay, the Group's first international 5-star hotel resort in Hainan Clearwater Bay.





Hotel Operations and Property Investment

Business overview

In 2012, the Group has attained remarkable achievement in both segments of hotel operations and property investment. During the year, 5 hotels of the Group, namely Shanghai Marriott Hotel City Centre, Guangzhou Agile Hotel, Foshan Agile Hotel, Zhongshan Agile Hotel and Nanlang Agile Hotel, brought steady income persistently; Raffles Sanya Clearwater Bay had its soft opening in early 2013; and over 10 hotels are currently under planning, construction and decoration, namely, Sheraton Egret Lake Resort Huizhou, Holiday Inn Resort Hainan Clearwater Bay, JW Marriott Clearwater Bay Resort & SPA, Hilton Hainan Clearwater Bay Resort, Jumeirah Clearwater Bay Resort, Outrigger Clearwater Bay Resort, Sanya, China, Ruili Double Tree Hotel, Chengdu Agile Hotel, Tengchong Agile Hotel, Conghua Agile Hotel, Shunde Agile Hotel, Xiqiao Hotel and so on.



During the year, Agile International Plaza Shanghai was launched and has since generated income for the Group. The Group currently has various major commercial projects under construction, including Agile Hongxi Yoha Center Guangzhou (formerly known as Guangzhou Hongxi Huating Arcade) and Guangzhou Zhujiang New City project.

The Group believes that a diversified business portfolio can generate steady income, broaden income base and disperse operational risks. Furthermore, benefiting from the synergy arising from the hotels and commercial properties located within the Group's property development projects, the value of these projects has also been enhanced. Therefore, the Group intends to further develop its hotel operations and property investment businesses in areas including Shanghai, Hainan and Yunnan.



Hotel Operations and Property Investment

Hotel operations

Shanghai Marriott Hotel City Centre

Shanghai Marriott Hotel City Centre, managed by Marriott International Management Company B.V., is located at the central part of Huangpu District in Shanghai, and enjoys superior geographic advantage. Opened in 2011, the hotel features 720 superior rooms and suites, over 2,000 sq.m. professional conference facilities, 5 restaurants serving world-class Japanese, Chinese and international cuisines, as well as a deluxe spa and health club, embodying the functions of business, tourism, large-scale conference and exhibition.

Raffles Sanya Clearwater Bay

Raffles Sanya Clearwater Bay is an elegantly designed hotel managed by Raffles Hotel Management (Beijing) Co. Ltd., provides 331 sea view guest rooms, deluxe suites and villa suites. Guests may also seek a rejuvenating experience at Raffles Amrita Spa, a special spa centre of more than 2,000 sq.m., or choose to demonstrate their sports talent at the neighbouring golf course. The hotel had its soft opening in early 2013.

Sheraton Egret Lake Resort Huizhou

Sheraton Egret Lake Resort Huizhou, a luxurious 5-star hotel managed by Sheraton Overseas Management Corporation, is handsomely situated adjacent to the beautiful Egret Lake in the northeast part of Huizhou City. The hotel plans to provide 428 deluxe lake view guest rooms and suites and is expected to open in 2013.

Holiday Inn Resort Hainan Clearwater Bay

Holiday Inn Resort Hainan Clearwater Bay, managed by Holiday Inns (China) Limited, plans to provide 275 guest rooms and suites with golf course view. The hotel is expected to open in 2013.

Chengdu Agile Hotel

Chengdu Agile Hotel is located in “Platinum Garden”, the high-end phase of Agile Garden Chengdu, providing 340 standard rooms and deluxe suites in accordance with 5-star standard. The hotel has been operated in 2013.

Tengchong Agile Hotel

Tengchong Agile Hotel is located at Qushi Town, Tengchong County, comprises approximately 100 standard rooms. The hotel is expected to open in 2013.



Hotel Operations and Property Investment

Guangzhou Agile Hotel

Guangzhou Agile Hotel nestles along the graceful Yingyi Lake in Agile Garden Guangzhou, providing 126 spacious and cosy standard rooms and deluxe suites in accordance with 5-star standard. The hotel has been in operation since 2007.

Foshan Agile Hotel

Foshan Agile Hotel is located opposite to Majestic Garden Nanhai, providing 200 superior rooms with fit-out in accordance to 4-star standard. The hotel has been in operation since 2008.

Zhongshan Agile Hotel

Zhongshan Agile Hotel is located at the heart of Sanxiang Town, and has extended to a total of 66 deluxe rooms and executive business suites in 2012. The hotel has been in operation since 2001.

Nanlang Agile Hotel

Nanlang Agile Hotel is located at Nanlang town of Zhongshan, and has a total of 96 deluxe rooms. The Group started operating the hotel in 2011.



Other major investment property projects

Agile International Plaza Shanghai

Agile International Plaza Shanghai is located at the prosperous hub of tourism, retail and commercial centre of Huangpu District, Shanghai. The project, a 4-storey building with a total planned GFA of approximately 21,200 sq.m., is geographically well-located with excellent transportation network. The project is situated next to Nanjing Road Pedestrian Street. The project was launched in 2012.

Xiqiao Metropolis Plaza

Xiqiao Metropolis Plaza, located in Xiqiao Town, Nanhai, Foshan, has a total GFA of approximately 58,000 sq.m., and is the first integrated one-stop shopping centre in Xiqiao Town with supermarkets, electrical appliances shops, department stores, food and beverage outlets, and a cinema. The project was launched in 2011.

Agile Hongxi Yoha Center Guangzhou

Agile Hongxi Yoha Center Guangzhou (formerly known as Guangzhou Hongxi Huating Arcade) is located at the central hub of Panyu, Guangzhou, adjacent to the exit of Shiqiao Station of Guangzhou Metro Line 3. Comprising 5-storey with a total planned GFA of approximately 18,000 sq.m., the project is positioned as a centre of quality lifestyle facilitated with various major retailers and catering chain enterprises. The project is expected to launch in 2013.



Hotel Operations and Property Investment

Agile Century Yoha Center Zhongshan

Agile Century Yoha Center Zhongshan is located in The Century Zhongshan with a total planned GFA of approximately 8,200 sq.m.. The 4-storey building will be sculptured into a modern lifestyle centre integrated with cultural, sports, shopping and community ancillary facilities. The project is expected to launch in 2013.

Hainan Clearwater Bay International Brand Outlet

Hainan Clearwater Bay International Brand Outlet is located within the strip of an 800-meter long walking lane along the Clearwater Bay Avenue of Silver Sand with a total planned GFA of approximately 28,000 sq.m.. The project is planned to become Hainan's top outlet of genuine international brands and it is expected to launch in 2014.

Guangzhou Zhujiang New City Project

Guangzhou Zhujiang New City project is located at the commercial core area of downtown Guangzhou and is poised to be the new financial district according to the regional planning of Guangzhou Zhujiang New City. The project enjoys good transportation network for its prime location adjacent to the Zhujiang New Town Station of Guangzhou Metro Line 3. With a total planned GFA of approximately 88,000 sq.m., the project will be developed into a 39-storey Grade A office building. The project is expected to launch in 2014.



Property Management



The Group recognises that high quality property management services are essential to gain unflinching support from customers. Adhering to the “customer oriented” philosophy, the Group is committed to satisfying the individual needs of its residents. During the year, the number of projects managed by the Group was increased to 50, with a total GFA of 21.67 million sq.m., serving around 445,000 residents.

Over 10,000 professional property management personnel and technicians were employed by the Group to satisfy the individual needs of its residents, and help establishing distinguished residential and commercial environments. During the year, the Group’s high quality property management companies have received awards and recognitions from national, provincial and municipal governmental departments for their outstanding performances, such as the “National Model Residential Community of Property Management” granted by the Ministry of Housing and Urban-Rural Development of the People’s Republic of China.

During the year, the Group’s property management has received several international integrated accreditations presented by The British Standards Institution, with 6 projects fulfilled the requirements of ISO9001 Quality Management System, ISO14001 Environmental Management System and OHSAS18001 Occupational Health and Safety Management System, which highly

affirmed the Group’s professional experience in property management, and its unwavering commitment to provide high-end, international-standard property management services to residents.

“Harrogate” – Inheriting the excellence of classic British property management

With the increasing number of high-end projects in the Group, there is a keen demand for high-end property management services. The “Harrogate” team was thereby introduced to the Group representing refined British property management services for high-end projects, commercial properties and serviced apartments. Professional property management personnel from “Harrogate” serves with “proactiveness, sincerity, modesty and politeness”, caters individual needs of privileged customers and helps establishing distinguished residential and commercial environments. “Harrogate” currently provides high-end property management services in various projects, including Agile Mountain Guangzhou and Agile International Plaza Shanghai.

“Agile Property Club” – Interactive platform for quality property management

Listening to customers’ feedbacks is one of the keys to making improvements. The Group has been active in listening to requests and recommendations from

Property Management

different parties, and strengthening communications with members and designated alliance vendors via the Agile Property Club, a club dedicated to Agile customers providing residential, living and cultural services with better quality. At present, Agile Property Club members can enjoy special offers from over 3,000 selected business merchants in China, Hong Kong and Macau. During the year, the Agile Property Club has

organised a total of 450 community activities with participation from over 200,000 people.

Over the last 2 decades, Agile has gained extensive recognition as a renowned brand. The Group will continue the endeavour to strive for greater perfection and to satisfy customers' conscientious expectations on high-end services.

Property management related awards and honours received during the year:

Project	Award/Honour	Institution
Hainan Clearwater Bay	National Model Residential Community of Property Management	Ministry of Housing and Urban-Rural Development of the People's Republic of China
	Model Residential Community of Property Management in Hainan Province	Hainan Provincial Department of Housing and Urban-Rural Development
Agile Garden Zhongshan	National Model Residential Community of Property Management	Ministry of Housing and Urban-Rural Development of the People's Republic of China
Agile Binjiang Garden Conghua	National Model Residential Community of Property Management	Ministry of Housing and Urban-Rural Development of the People's Republic of China
	Model Residential Community of Property Management in Guangdong Province	Guangdong Property Management Industry Institute



Property Management

Project	Award/Honour	Institution
Agile Garden Nanjing	Model Urban Residential Community of Property Management in Jiangsu Province	Jiangsu Provincial Department of Housing and Urban-Rural Development
Agile Garden Chengdu	Model Community of Excellent Residential Management in Sichuan Province	Sichuan Provincial Department of Urban-Rural Housing Development
	Model Community of Excellent Residential Management in Chengdu Municipal	Chengdu Urban and Rural Housing Authority
Agile Egret Lake Huizhou	Model Residential Community of Property Management in Guangdong Province	Guangdong Property Management Industry Institute
Agile Garden Guangzhou	Model Residential Community of Property Management in Guangdong Province	Guangdong Property Management Industry Institute
	Model Residential Community of Property Management in Guangzhou City	Guangzhou Property Management Association



Property Management

Project	Award/Honour	Institution
South Lagoon Guangzhou	Model Residential Community of Property Management in Guangdong Province	Guangdong Property Management Industry Institute
	Model Residential Community of Property Management in Guangzhou City	Guangzhou Property Management Association
Agile Garden Foshan	Model Residential Community of Property Management in Guangdong Province	Guangdong Property Management Industry Institute
Grand Palace Huadu	Model Residential Community of Property Management in Guangdong Province	Guangdong Property Management Industry Institute
The Noble Palace Huadu	Model Residential Community of Property Management in Guangdong Province	Guangdong Property Management Industry Institute
	Model Residential Community of Property Management in Guangzhou City	Guangzhou Property Management Association
La Cité Greenville Zhongshan	Model Residential Community of Property Management in Guangdong Province	Guangdong Property Management Industry Institute
	Model Residential Community of Property Management in Zhongshan Municipal	Zhongshan Municipal Bureau of Housing and Urban-Rural Development Zhongshan Real Estate Guild



Property Management

Project	Award/Honour	Institution
Agile Xiyue Zhongshan	Model Residential Community of Property Management in Guangdong Province	Guangdong Property Management Industry Institute
	Model Residential Community of Property Management in Zhongshan Municipal	Zhongshan Municipal Bureau of Housing and Urban-Rural Development
		Zhongshan Real Estate Guild
Majestic Garden Nanhai	Model Residential Community of Property Management in Guangdong Province	Guangdong Property Management Industry Institute
Agile Garden Shunde	Model Residential Community of Property Management in Guangdong Province	Guangdong Property Management Industry Institute
	Model Residential Community of Property Management in Foshan City	Foshan Real Estate Association
Hongxi Huating Panyu	Model Residential Community of Property Management in Guangzhou City	Guangzhou Property Management Association
Agile Garden Sanshui	Model Community of Property Management in Foshan City	Foshan Real Estate Association



Property Management

Project	Award/Honour	Institution
Agile Royal Mount Zhongshan	Model Residential Community of Property Management in Zhongshan Municipal	Zhongshan Municipal Bureau of Housing and Urban-Rural Development Zhongshan Real Estate Guild
Agile Garden Dachong Zhongshan	Model Residential Community of Property Management in Zhongshan Municipal	Zhongshan Municipal Bureau of Housing and Urban-Rural Development Zhongshan Real Estate Guild
Agile Garden Xi'an	Residential Community with Garden in City	People's Government of Xi'an Municipality

Sustainability Report

As a responsible corporate citizen, the Group has incorporated the concept of sustainability into its business operation strategy with attention to every detail, thereby promoting the harmonious coexistence between human and nature, corporation and society.



The Group infused environmental friendly elements into its projects bringing comfortable homes for the residents.





Sustainability Report



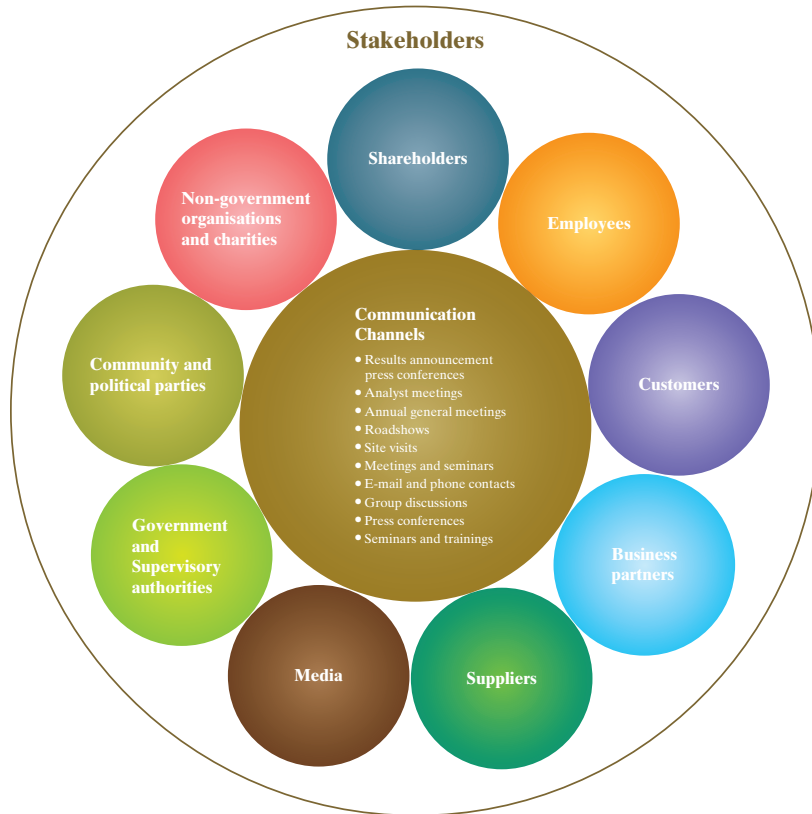
Principles and objectives

Echoing the corporate spirit of “From Heart. Beyond Living.”, the Group is committed to the promotion of social responsibilities in 3 main aspects of the environment, the society and the employees, and strives for a sustainable and healthy growth with an aim to foster social harmony.



Channels for communication with stakeholders

The Group believes that effective and timely communication will help establish strategies for long-term business development. Accordingly, the Group has established various channels to obtain opinions from stakeholders from time to time for the making of comprehensive decisions.



Major Honours and Awards

Over the years, the Group has won recognitions for its persistent effort in sustainable development by the nation and society. Honours and awards obtained by the Group during the year include:

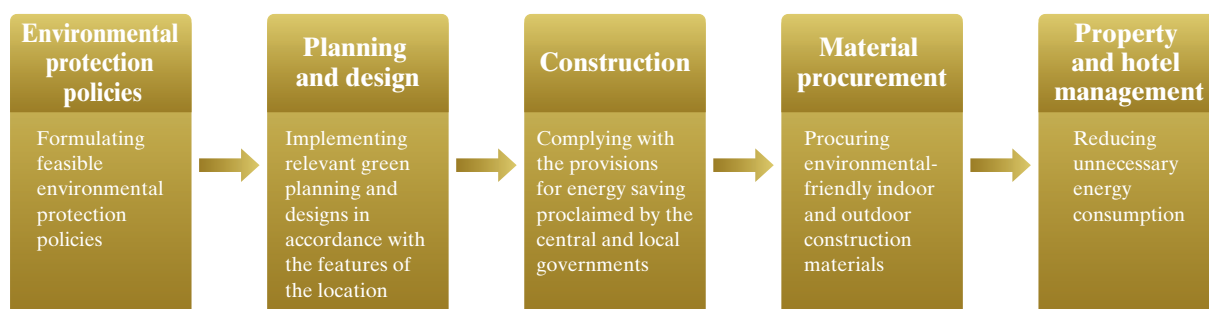
Award	Institution
The Seventh China Charity Award — The Most Caring Enterprises	Ministry of Civil Affairs of PRC
2012 Corporate Business Academy of China — The Best Organisation Award	The 11th Conference on International Exchange of Professionals China Enterprise College Dean of Federation
2012 Forbes China Philanthropy List	Forbes China
Caring Company	The Hong Kong Council of Social Service
Corporate Social Responsibility Awards 2012	Capital magazine Capital Weekly magazine
Capital Outstanding Green Excellence Award 2012	Capital magazine
2011 Gold Cup of Guangdong Poverty Relief Hongmian Cup	Guangdong Leadership Group of Poverty Alleviation
2012 Best HRM Category Awards — Best HR Management Strategy	51Job

Sustainability Report

Environmental Sustainability

Environmental Sustainability

The Group takes into account environmental protection factors for the planning and design of projects, construction, material procurement and property and hotel management to provide comfortable living and business environment for residents and tenants and ensure the harmonious interaction between residents and the environment. In addition, the Group encourages employees and property owners to adopt a low carbon living style through its environmental protection education.



Environmental protection policies

For details of the environmental protection policies of the Group, please visit the website www.agile.com.cn for viewing of relevant information.

Planning and design

The Group is well-awared that planning and design is the soul to every property projects. As such, the Group has implemented various measures in these aspects:

- Layout, space and orientation of the buildings are arranged in pursuant to the local climate during planning and design. Also, the Group considered the topographical and geographical features to minimise the adverse effects on hill, water source and natural vegetation;
- Coverage of grassland is increased in landscape design so as to enhance oxygen emission;
- Materials procurement and renovations are carried out according to the environmental-friendly standards for lowering wastage and pollution in decoration; and
- Continuous improvement and optimisation of planning and design for lighting and ventilation are pursued to reduce unnecessary resource consumption.

Construction

In compliance with the energy-saving requirements proclaimed by the central and local governments, the Group optimised its construction management by:

- Establishing enhancement and inspection systems for thermal insulation and energy conservation; and
- Optimising the ratio of steel and concrete subject to structural safety in order to minimise unnecessary power and water consumption and reduce carbon emission.

Material procurement

With over 20 years of experience in property development, the Group believes that construction materials directly influence the quality of the buildings and the surrounding environment. As such, the Group procures and uses environmental-friendly materials for indoor and outdoor construction, and ensures that its projects will provide a comfortable living environment for the residents while saving natural resources and energy.

Outdoor construction materials:

- Safe and efficient energy-saving materials were selected according to thermal insulation and energy-saving analysis of the outer walls, roofs and balconies of the buildings;
- The latest type of roof tiles was widely used to reduce the emission of carbon dioxide and other harmful gases that cause acid rain;
- The type of bricks used for the building of external walls is nationally accredited for the ability to utilise residual heat with low sulphur emission and is in compliance with the national anti-electrostatic standard; and
- The colourful bricks used on the ground are Jianling Bricks made of environmental-friendly materials designed to prevent the loss of water, thus benefiting the plantations nearby, at the same time dissipating heat and retaining humidity.



Sustainability Report

Environmental Sustainability

Indoor construction materials:

- Floor tiles were selected with a formaldehyde emission level conformed to national standard. Certain floor tiles were processed with active ecological paint which emits large amount of anions for neutralising harmful gases;
- Latest water-saving sanitary products, including water-saving toilets and showers, from international renowned brands such as Groche, Kohler and Hansgrohe were installed with high standard that fulfilled environmental protection requirements and were comparable with the standards of Europe and the United States; and
- Energy-saving electrical appliances were installed, such as energy-saving air-conditioners, to produce the same cooling effect.

Property and hotel management

The Group has implemented the following measures for property and hotel management:

Energy-saving:

- Energy-saving LED lighting for underground car parks and energy-saving lighting and xenon lights for roads in the community were adopted in a number of projects respectively;
- Energy-saving facilities were installed in pump rooms of selected projects to reduce noise pollution and enhance energy-saving efficiency;

- Energy-saving technologies, including energy-saving lighting, infrared sensor switches and light-control switches, were implemented in selected residential projects;
- Heat recovery and storage technology, and environmental-friendly cooling agents were applied to the cooling equipment of projects for better energy-saving efficiency, thus, minimising damages to the ozone layer and relieving the greenhouse effect;
- The air-conditioning main processors and water pumps of new hotels adopted energy-saving variable-frequency techniques; and
- Smoke purification was applied to boilers and kitchens.

Conservation of water resources:

- Water-saving switches were installed in public toilets of selected projects to lower water consumption;
- Mechanised high-pressure cleansing equipment was used for cleaning outdoor areas of the community to reduce consumption of water;
- Waste generated by water landscape facilities was removed monthly by suction to avoid frequent draining and cleansing; and
- Fish fry was placed in artificial lakes for natural sanitisation.



Sustainability Report

Environmental Sustainability

Renewable energy:

- Heat pumps were used in selected residential and hotel projects and staff hostels, including the solar water heaters installed in Foshan Agile Hotel and heat pump water heaters installed in Guangzhou Agile Hotel, to generate daily hot water supply and reduce gas consumption; and
- Exhaust from the boiler steam at selected hotels was recycled to supplement the hot water supply of boilers and heating facilities.

Waste reduction:

- The Group has implemented waste separation and food waste recycling in selected residential and commercial properties to achieve waste reduction. The Group also encouraged staff and residents to reduce waste at source.

Landscape management:

- Projects of the Group has a general community greenery ratio of over 50%. Large amount of trees and scrubs were planted for cooling, heat dissipating, air purification and noise reduction;
- The Group grew saplings in plant nurseries for greening the community in a bid to prevent damages to the ecology;
- Environmental-friendly pesticides were used to minimise the damages to the ecology; and
- Pests were effectively dealt with according to their occurrence pattern and the weather conditions, and that both the prevention doses and frequency could be contained.



Sustainability Report

Environmental Sustainability

An example of sustainable development in planning and construction – Agile Royal Mount Zhongshan

Agile Royal Mount Zhongshan, one of the residential projects under the Group, is incorporated with green concepts throughout project development, and was honoured with the title of “Green Community of Zhongshan City” for several times.

As for overall planning, the project was designed with reasonable layout, orientation and space between buildings with sufficient use of natural ventilation and daylight. Besides, a greenery zone was built with over 30 plant species selected according to the local climate and plantation characteristics. Pavements and roads were well-planned to reduce impacts to the environment.

As for material selection and procurement, the project strictly complied with the provisions under the “Harmful Substances Limitation for Indoor Decoration and Refurbishment Materials” and the “Limitation for Radionuclide in Building Materials” of PRC when selecting suitable building and indoor decoration and

refurbishment materials. In addition, the Group opted for energy-saving materials for the project, including environmental-friendly heat-insulation materials, aluminum alloy for doors and windows of external walls and environmental-friendly seamless glass, to meet energy-saving requirements.

During the construction period, in-depth studies on the fully-furnished units were conducted to determine the design, production and procurement standards so as to reduce construction waste for second-time renovation and pollution to the environment.

In order to save energy and improve energy efficiency, the project has adopted latest energy-saving technologies including energy-saving lights, infrared sensor switches and light-control switches, to further reduce energy consumption. Furthermore, water-saving technologies and facilities were applied, and separated treatment systems for rainwater and sewage and a refined drainage system were set up to conserve water resources.



Education and promotion of environmental protection

During the year, the Group contributed to the promotion and education of environmental protection through the following activities:

- Taking the role as key sponsor for the second consecutive year for the “Joint-University Eco-Business Innovation Award” (formerly known as the “Eco-Business Innovation Award”) jointly hosted by student groups of The Hong Kong University of Science and Technology, Chinese University of Hong Kong, Hong Kong Polytechnic University, Hong Kong Baptist University, Hang Seng Management College and The Open University of Hong Kong; and
- Taking the role as key sponsor of the “BEC Low-Carbon Home” 2011-2012 Programme organised by the Business Environment Council.

During the year, the Group supported and encouraged all staff and residents to participate in environmental protection activities, which includes:

- The “Lai See Packets Recycling Programme” initiated by Greeners Action for the second consecutive year. Lai See packets recycling points were set up at the location of a number of projects to collect used Lai See packets. In addition, the Group encouraged its staff, residents and the public to use “Reborn Lai See Packets”. The activity was welcomed by over 10,000 of staff and members of the public;
- “Ecological Environmental Protection Day” for the sixth consecutive year with an aggregate of nearly 14,000 trees and over 4,000 sq.m. of sods planted. The theme of 2012 was “Happy Low-Carbon Life at Agile” and approximately 1,800 participants, including staff and residents, joined the activity;

“I wish to express my gratitude towards Agile for its support to various activities of the union and encouragement to my fellow schoolmates. Not only did Agile sponsored and supported the “Joint-University Eco-Business Innovation Award”, but they also acted as our mentor to share experience and offer valuable advice to my schoolmates on career orientation. I hope that Agile will continue to support the university students in Hong Kong and other places.”

Tam Ka Long

President of Interdisciplinary Programs Students’ Union, The Hong Kong University of Science and Technology



Sustainability Report

Environmental Sustainability

- The “Earth Hour” initiated by World Wide Fund for Nature for the third consecutive year. Over 8,000 staff, residents and customers were invited to join the activity;
- The Hong Kong volunteer team of the Group participated in “Lamma Island Beach Clean-up” organised by environmental protection groups in Hong Kong for the third time to help clean-up Tung O Beach, Lamma Island; and
- The Hong Kong volunteer team of the Group organised the “Lamma Island Plastic Pellets Clean-up” to help remove the plastic pellets on Tung O, Lamma Island.

“We are very grateful to gain support from Agile in the “Lai See Packets Recycling Programme”. Their support for our environmental protection activities over the years is crucial for raising awareness on environmental protection and encouraging green living for people in Hong Kong as well as China. We wish to develop and promote environmental protection activities in larger scale through Agile and other property developers.”

Angus Ho

Executive Director of Greeners Action



Social Sustainability

Upholding the belief of “benefiting from society, giving back to society”, the Group formulated its annual charity plan with an aim to enhance the harmonious development of society. During the year, donations made by the Group amounted to over RMB170 million.

Contributions and donations

During the year, the Group made contributions to the following social organisations:

- Donated RMB10 million to set up the “Agile Foundation” at the Department of Civil Affairs of Guangdong Province to promote the development of public welfare;
- Entered into an agreement with the Charitable Society of Meizhou and donated RMB30 million to establish the “Agile Charity Fund for Yanyang of Meizhou” providing welfare and assistance to senior local residents, pre-school children and the disadvantaged. The Fund also offered incentives to outstanding students and funded other social charity events;
- Entered into an agreement with Guangzhou Youth Development Foundation and donated RMB5 million for the establishment of the “Agile Charity Fund for Guangzhou Youth Development Foundation” to launch various charitable events for the physical and mental wellness of teenagers; and
- Donated RMB10 million to the “Panyu Charity Foundation” to support charitable events for different sectors in the society.

Education and promotion of Chinese culture

The Group put extensive efforts in fostering education to nurture future pillars of society and promote Chinese culture.

In respect of education sponsorship, the Group made donations to various schools and government education departments in support of local education development during the year, which included:

- The “Agile Property Scholarship and Study Subsidy” scheme, which has provided assistance for the fifth consecutive year to a total of approximately 230 tertiary students studying at institutions including Hunan University, Tsinghua University and Tianjin University, who have achieved excellent results in both studies and conduct yet poverty-stricken;
- Donation of RMB10 million made to Huamin Charity Foundation to subsidise international research on Confucianism;

“It is our pleasure to join hands with Agile in providing “Agile Scholarship for Tianjin University” for 5 years. We greatly appreciate Agile for making contributions to the tertiary education development by subsidising our outstanding students who are poverty stricken. Given Agile’s extensive scholarship coverage throughout China, we believe Agile’s charity work will make remarkable contributions to the nation’s education development.”

Tianjin University

Sustainability Report

Social Sustainability

- The “Agile Qinghai Educational Award and Bursary Fund” that granted scholarships and subsidies in an aggregate amount of over RMB1.9 million to more than 1,000 outstanding teachers and poverty-stricken students in Qinghai for the second consecutive year;
 - “Agile Education Foundation (Zhongshan)” that granted scholarships and subsidies to teachers and students of Zhongshan Tanzhou Secondary School and Zhongshan Memorial Middle School for the second consecutive year;
 - Donation of RMB85 million made for the construction of schools and hospitals in northern Guangzhou; and
 - Donation of RMB3 million made to encourage and support teachers and students of South China Normal University.
- As for promotion of Chinese culture, the Group made donation of RMB10 million to “Agile Special Fund for Chinese Culture Continuation Work” of the Chinese Language and Culture Education Foundation once again during the year to support a series of activities promoting Chinese culture abroad. With an aggregated total donation of RMB60 million, over 3,500 overseas Chinese teenagers and Chinese teachers were benefited from these programmes:
- The sponsorship for “Long Town Puyang City Trip — Agile Summer Camp 2012 for Overseas Chinese Teenagers”, a 32-day programme with over 50 teachers and students from Thailand participated; and
 - The sponsorship for “Chinese Language and Culture Education Foundation of China • South Guangdong Cultural Trip — Agile Experience Session of Chanwu Culture for Overseas Chinese Teenagers” for the second consecutive year, a half-month trip bringing a total of approximately 40 students from the Philippines, Malaysia, Indonesia, Russia and Australia to experience the Chanwu Culture and visit Kaiping.

“Agile has made substantial donation since 2008 to support the Chinese language and culture education. New teaching facilities were installed in 54 Chinese language and cultural schools abroad and various training programmes were provided to over 60,000 teachers and students in 37 countries. Agile has become a heart-warming gathering platform for overseas Chinese to receive support and blessing from the motherland. With the support of Agile, we believe that the Chinese culture will blossom everywhere around the world.”

Zuo Zhiqiang

Vice Chairman and Secretary General of Chinese Language and Cultural Education Foundation of China



Nurturing the new generation from all parts of the world

The Group understands that nurturing of talents is essential to the development of society. During the year, the Group has organised the following activities in order to nurture young expertise and facilitate long-term development of society:

- Organised the “Agile Summer Camp for University Students” for the fourth year with participation of 57 outstanding university students or postgraduates from well-known tertiary institutes around the nation. Students who had outstanding performance in the camp were offered employment by the Group;
- Sponsored students of Sichuan University, Tongji University, Chongqing University, Xi’an University of Architecture and Technology, and South China University of Technology to visit property projects of the Group, so as to enhance their industry knowledge; and
- Participated in the “Mentoring Programme” organised by the Interdisciplinary Programs Students’ Union and the Environment Students’ Society of the Hong Kong University of Science and Technology to share the industry development insights and life experience.

Encouraging staff to contribute to society

During the year, the Group organised the “Agile Volunteer Service Day” to encourage staff to participate in charity activities and contribute to society. The accumulated volunteer hours achieved by over 30,000 participants were equivalent to over 13,000 days. One of the major campaigns involved was the “Project Oneiromancy” which featured the theme of “Agile’s Support for Children”, and was held for the fourth consecutive year by the Group to help students in remote poverty-stricken mountain areas across the country through donating necessities. Other activities include “Sunshine Angel” where participants visited children with special needs in China; the “Warming Sunset” programme held for the second consecutive year to provide care for the solitary elderly; and the “Giving Shoes to Children for Better Growing Path” programme where the Group donated items such as clothes to poverty-stricken students for them to keep warm.



Sustainability Report

Social Sustainability

Disaster and poverty relief

During the year, the Group has become the principal sponsor of “30-Hour Famine” and “Macau Famine” organised by the World Vision for the third consecutive year offering helping hands to the famine victims in East Africa and become the “China Partner Sponsor”. In addition, the 16 schools constructed by the Group after the Sichuan Earthquake in 2008 were put into use.

Health care

In order to further promote medical ethics, the Group supported the “Top Doctors in China Award” organised by Chinese Medical Doctor Association for the fourth consecutive year. A total of 102 physicians were recognised as practitioners who excel in both medical knowledge and ethics. Moreover, the Group set up a Red Cross donation box at every resident’s centre, supporting its health care, humanitarian and community works.

“We extend our gratitude to Agile for its dedication in charity work over the years and for its support to “30-Hour Famine” and “China Partner Sponsor” that care for the needs of children living in poverty in China. Agile encouraged its staff to participate in the activities for a taste of first hand experiences of famine. Aside from its successful property business, Agile is also committed to creating a better future for poverty-stricken children.”

Kevin Chiu

The Chief Executive Officer of World Vision Hong Kong

“We appreciate the dedication and compassion of the management and staff of Agile and their commitment and meticulous efforts in every relief project. In times of difficulties, Agile provided support and assistance to us by calling for donations to help teachers and students of the earthquake disaster areas in Sichuan.”

Sichuan Provincial Education Foundation



Corporate Sustainability

Our staff is an important cornerstone for corporate development. The Group has been active in organising various social activities to maintain both the physical and mental wellness of our staff. A mutual help mechanism was also established to help staff overcome difficulties. In addition, comprehensive training and a bright career path were provided for the long-term development of our staff.

Caring for our staff

During the year, the Group provided financial assistance of over RMB1 million to over 100 staff or their families who had encountered financial difficulties due to accidents or serious illnesses through the “Agile Foundation for Mutual Help” in the spirit of love and care between the Group and staff.

Staff training

The Group provides good learning opportunities and bright career paths to our staff which laid a sound foundation for future development provided for talents of the Group. During the year, “Agile Property Management College” continued its mission with a vision of “learn to excel and speed up the growth”. Through providing an advanced and systemic training for staff, the accumulated training hours provided to various levels of management and staff has reached an accumulation of nearly 590,000 hours.

During the year, the Group continued to implement the “High EMBA/EDP” management practice, the “Leaders Scheme” for the fostering of future senior management, and the “Pillars Scheme” and “Seeds Scheme” for the fostering of middle-level management in preparation for the healthy growth of the Group.

Prospects

The Group will take on an active role to fulfil the responsibility as a good corporate citizen. While creating the maximum value for Shareholders, customers and stakeholders, the Group will make further moves and take part in various social charity activities to make greater contribution to society.

The Group was awarded the “2012 Corporate Business Academy of China — The Best Organisation Award” by The 11th Conference on International Exchange of Professionals and China Enterprise College Dean of Federation for its outstanding comprehensive staff training strategy.

Gatherings for staff

In order to promote physical and mental wellness of staff, enrich their social life after work and enhance staff cohesion, a variety of activities were organised by the Group which were welcomed by the staff. During the year, the Group held nearly 950 activities, including festive celebrations, birthday parties for staff, gatherings and family activities, to strengthen the friendships among our staff.

Staff communications

Information of the Group is published from time to time through the intranet and monthly magazine, “Agile Staff”, for our staff to keep abreast of the Group’s latest business development and staff activities.

Investor Relations

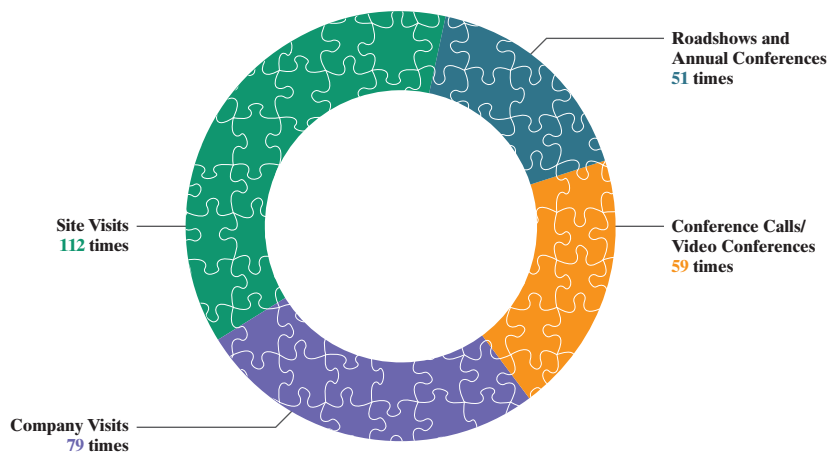


The Company has been upholding the concept of “mutual communication to achieve a win-win situation” for investor relations. Under the condition that listing rules and related laws and regulations are fulfilled, the Company disseminated information, including the Group’s operating results, operations and financial management and development strategies to the markets through multi-channels. With these efforts made in the past years, the Group has successfully won market attentions and acclaims, which help to secure an even more solid and wider investors base.

As of 25 March 2013, more than 30 investment banks and securities companies have initiated research coverage on the securities of the Company which bestowed the Company with one of the highest research coverage in

the China Property sector. Besides, the Company has established contacts with over 2,500 local and international institutional investors and analysts.

During the year, the Company actively organised and participated in various investor relations activities, and received representatives from over 1,100 institutions. These activities include interim and annual results announcement press conferences, analyst briefings and roadshows conducted in Hong Kong, China, Singapore, Malaysia, United Kingdom and the United States, corporate day and investors summits organised by various investment banks and securities companies, site visits and so on. With these, investors and analysts were well-informed regarding the business development of the Group and the property market in China.



Major investor relations activities of the Company in 2012

Month	Place	Activity
January	Beijing	Deutsche Bank Access China Conference
	Hong Kong	BNP Paribas China Property Corporate Day
		Credit Suisse Asian Real Estate and Consumer Conference
		Nomura China Property Corporate Day
		Macquarie Asia-Pacific Financial & Property Conference
	Shanghai	UBS Greater China Conference
Singapore	DBS Vickers Pulse of Asia Conference	
March	Hong Kong	Deal Roadshow in Hong Kong
	Singapore	Deal Roadshow in Singapore
	Hong Kong	2011 Annual Results Press Conference and Investor Presentation
	Beijing	2011 Annual Results Non-deal Roadshow in Beijing co-organised with China International Capital
	Boston	2011 Annual Results Non-deal Roadshow in Boston co-organised with J.P. Morgan
	Hong Kong	2011 Annual Results Non-deal Roadshow in Hong Kong co-organised with UBS
		2011 Annual Results Non-deal Roadshow in Hong Kong co-organised with Standard Chartered Bank
	London	2011 Annual Results Non-deal Roadshow in London co-organised with Morgan Stanley
	New York	2011 Annual Results Non-deal Roadshow in New York co-organised with Bank of America Merrill Lynch
	San Francisco	2011 Annual Results Non-deal Roadshow in San Francisco co-organised with J.P. Morgan
	Shanghai	2011 Annual Results Non-deal Roadshow in Shanghai co-organised with Goldman Sachs
	Singapore	2011 Annual Results Non-deal Roadshow in Singapore co-organised with CLSA

Investor Relations

Month	Place	Activity
April	Kuala Lumpur	Non-deal Roadshow in Kuala Lumpur co-organised with DBS Vickers
	Hong Kong	Mirae Asset Property and Financial Access Day
	Singapore	CICC Singapore Corporate Day
May	Beijing	The 10th BOCI Investor Conference
	Hong Kong	Macquarie Greater China Conference
		Barclays Pan-Asia Real Estate Conference
		Morgan Stanley 3rd Annual Hong Kong Investor Summit
Singapore	Deutsche Bank 3rd Annual Access Asia Conference	
June	Beijing	J.P. Morgan 8th Annual China Conference
July	Hong Kong	Citibank HK/China Mini Conference
		Bank of America Merrill Lynch Greater China Property Corporate Day
August	Hong Kong	2012 Interim Results Press Conference and Investor Presentation
	Beijing	2012 Interim Results Non-deal Roadshow in Beijing co-organised with China International Capital
	Boston	2012 Interim Results Non-deal Roadshow in Boston co-organised with Goldman Sachs
	Hong Kong	2012 Interim Results Non-deal Roadshow in Hong Kong co-organised with Morgan Stanley
		2012 Interim Results Non-deal Roadshow in Hong Kong co-organised with Standard Chartered Bank
	London	2012 Interim Results Non-deal Roadshow in London co-organised with Morgan Stanley
	New York	2012 Interim Results Non-deal Roadshow in New York co-organised with J.P. Morgan
	Shanghai	2012 Interim Results Non-deal Roadshow in Shanghai co-organised with ICBC International
	Shenzhen	2012 Interim Results Non-deal Roadshow in Shenzhen co-organised with Goldman Sachs
	Singapore	2012 Interim Results Non-deal Roadshow in Singapore co-organised with Nomura

Month	Place	Activity
September	Hong Kong	UBS Hong Kong/China Property Conference
		CLSA Investors' Forum
October	Hong Kong	Macquarie China Corporate Day
		Jefferies 2nd Annual Asia Summit
		Goldman Sachs Greater China CEO Summit
	Kunming	BNP Paribas 19th China Conference
November	Beijing	Bank of America Merrill Lynch China Conference
	Hong Kong	Morgan Stanley Asia Pacific Corporate Day
		Daiwa Investment Conference
	Macau	Citibank China Investor Conference
December	Hong Kong	Bank of America Merrill Lynch Greater China Property Corporate Day

During the year, the Group was granted the following investor relations-related awards:

Award	Institution
The Asset Corporate Gold Award	The Asset magazine
2nd Asian Excellence Recognition Awards 2012 — Best Investor Relations Company (China) Best Investor Relations Website / Promotion	Corporate Governance Asia magazine
Best Investor Relations (Real Estate)	IR magazine

Prospects

Looking ahead, the Company will continue to explore other investor relations works with aims to maintain a solid and wider shareholder base, and to ensure investors having a comprehensive and full understanding towards the Group. The management will continue to communicate with investors in a candid manner and pay

close attention to the feedbacks from the markets. Furthermore, the Group will promote long-term development through further enhancement of its comprehensive strength and corporate governance quality.

Directors' Profile

CHEN Zhuo Lin (陳卓林), aged 51, is the founder of the Group. He has been the Chairman of the Board and an Executive Director of the Company since August 2005 and has over 20 years of extensive experience in real estate development and management. Mr. Chen is mainly responsible for the formulation of development strategies, development directions on the operations and overall business management, decision-making on investment projects, setting the goal of the financial year for the Group and maintaining the relationships with the Shareholders. He received a number of awards during 2007 to 2009, including “World Outstanding Chinese Award” in 2007, “Top 30 Chinese Philanthropists in 30 Years of Reform” (改革開放30年·華人慈善30人) in 2008, “China Philanthropy Outstanding Contribution Individual Award” (中華慈善突出貢獻人物獎) and “Top 10 Persons of the Year for China Enterprise Management Excellence Award” (中國企業十大卓越管理年度人物) in 2009. For the public services, Mr. Chen serves as an executive vice chairperson of China Overseas Chinese Entrepreneurs Association (中國僑商投資企業協會), honorary vice president of Chinese Language and Culture Education Foundation of China (中國華文教育基金會), honorary chairperson of Hong Kong-Zhongshan Sanxiang Fellowship Association (香港中山三鄉同鄉會), vice chairperson of Zhongshan Association of Enterprise with Overseas Chinese Investment (中山市僑資企業商會) and vice chairperson of Guangdong Overseas Chinese Enterprises Association (廣東省僑商投資企業協會). He is the brother of Mr. Chan Cheuk Yin, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam and also the spouse of Ms. Luk Sin Fong, Fion.

CHAN Cheuk Yin (陳卓賢), aged 45, has been a Vice Chairperson of the Board and Co-President and an Executive Director of the Company since August 2005 and has over 20 years of extensive experience in real estate development and management. Mr. Chan is mainly responsible for the execution of the Group's overall strategy and managing the overall operation of projects in Eastern China Region, Southwest China Region, Central China Region, Northeast China Region, Northern China Region, Yunnan and Hainan Province Regions. Mr. Chan was awarded “Guangdong Province Outstanding Entrepreneurs of Privately-owned Enterprises” (廣東省優秀民營企業家) in 2003, “2006–2007 The Most Respected Entrepreneurs in Guangzhou, PRC” (2006–2007 中國廣州最受尊敬企業家) in 2007 and “Top 10 Philanthropist in Guangdong” (廣東十大慈善人物) in 2008. For the public services, he is the chairperson of Guangdong Chamber of Real Estate (廣東省地產商會), vice chairperson of Zhongshan Real Estate Industry Association (中山市房地產行業協會) in 2005, a member of Standing Committee of 10th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference (政協第十屆廣東省委員會) and an honorary vice chairperson of China Charity Federation (中華慈善總會) in 2007. Mr. Chan is the brother of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam.

LUK Sin Fong, Fion (陸倩芳), aged 51, has been a Vice Chairperson of the Board and Co-President and an Executive Director of the Company since August 2005, a member of each Remuneration Committee and Nomination Committee of the Company. Ms. Luk has over 20 years of extensive management experience in real estate development and management; in particular have outstanding achievement in strategic marketing and marketing management. She is mainly responsible for planning and marketing, sales, finance, administration and human resources management, information technology, property management, hotel management, commercial leasing, corporate social responsibility and charitable activities of the Group, and managing the overall operation of projects in the Southern China Region. Ms. Luk holds a Master's degree in Business Administration from University of Western Sydney, Australia. She has received several honorary resident awards in Foshan and Nanhai in 2004 and in Zhongshan in 2009 respectively, as well as other awards including "Zhongshan Outstanding Entrepreneurs" (中山優秀企業家) in 2006 and "Top 10 Excellent CBO" (中國十大卓越 CBO) in 2008. For the public services, Ms. Luk is currently a vice chairperson of Guangzhou Housing Society (廣州市房地產協會) and an honorary chairperson of Guangdong Provincial Qiaoxin Charity Foundation (廣東省僑心慈善基金會). She is the spouse of Mr. Chen Zhuo Lin.

CHAN Cheuk Hung (陳卓雄), aged 55, has been an Executive Director and a Senior Vice President of the Company since August 2005. Mr. Chan has over 20 years of extensive experience in real estate development and related businesses. He is mainly responsible for quality control of projects, management of contractors and managing the overall operation of Zhongshan

Fashion Decoration Co., Ltd.. Mr. Chan has received several honorary awards, including an honorary resident award in Foshan and "Small Community Construction Outstanding Contribution Award" (小區建設突出貢獻獎) in National Xiaokang Housing Demonstration Small Community Competition (國家小康住宅示範小區評比) by Ministry of Construction (國家建設部) in 2000. For the public services, he was a standing committee member of Guangdong Province Real Estate Association (廣東省房地產協會) in 2004. Mr. Chan is the brother of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam.

CHAN Cheuk Hei (陳卓喜), aged 54, has been an Executive Director and a Senior Vice President of the Company since August 2005. Mr. Chan has over 20 years of extensive experience in real estate development and related businesses. He is mainly responsible for management of decorations, development of decoration materials of the Group and managing the projects of Zhongshan Ever Creator, Agile Royal Mount Zhongshan and Agile Yorkshire Zhongshan. Mr. Chan is the brother of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Mr. Chan Cheuk Hung and Mr. Chan Cheuk Nam.

CHAN Cheuk Nam (陳卓南), aged 49, has been an Executive Director and a Senior Vice President of the Company since August 2005. Mr. Chan has over 20 years of extensive experience in real estate development and related businesses. He is mainly responsible for quality and cost control of construction materials of the Group. Mr. Chan is the brother of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Mr. Chan Cheuk Hung and Mr. Chan Cheuk Hei.

Directors' Profile

CHENG Hon Kwan (鄭漢鈞), *GBS, OBE, JP*, aged 85, has been an Independent Non-executive Director of the Company since October 2005, chairperson of Remuneration Committee and a member of each Audit Committee and Nomination Committee of the Company. Dr. Cheng is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Science in Engineering from Tianjin University and a postgraduate diploma from The Imperial College London. Dr. Cheng was also awarded several honorary doctorate degrees including those awarded by The Hong Kong University of Science and Technology, City University of Hong Kong, The Open University of Hong Kong and The Open University, United Kingdom, and is a fellow of The Imperial College London and City and Guilds London Institute. Dr. Cheng is a past president, honorary fellow and gold medallist of The Hong Kong Institution of Engineers; past vice president, fellow and gold medallist of The Institution of Structural Engineers; fellow of The Institution of Civil Engineers, United Kingdom and of American Society of Civil Engineers, and honorary fellow of The Institution of Engineers, Australia. He is also an honorary member of both Hong Kong Institute of Planners and Hong Kong Institute of Architects and obtained National Class 1 Registered Structural Engineer qualification. Dr. Cheng is an Authorised Person and a Registered Structural Engineer under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong); and former chairperson of Hong Kong Housing Authority and Transport Advisory Committee. He is a former member of both Executive and Legislative Councils and a former member of the Standing Committee of Tianjin Committee CPPCC. Dr. Cheng is currently a permanent honorary chairperson of Hong Kong Tianjin Friendship Association. Dr. Cheng is also an independent non-executive director of a number of companies, including Wing Hang Bank, Limited, Tianjin Development Holdings Limited, Hang Lung Group Limited and Hang Lung Properties Limited.

KWONG Che Keung, Gordon (鄺志强), aged 63, has been an Independent Non-executive Director of the Company since October 2005, chairperson of Audit Committee and a member of each Remuneration Committee and Nomination Committee of the Company. Mr. Kwong is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Social Science degree from The University of Hong Kong and is a fellow member of both The Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants. Mr. Kwong is currently an independent non-executive director of a number of companies, including NWS Holdings Limited, OP Financial Investments Limited, China Chengtong Development Group Limited, Global Digital Creations Holdings Limited, Quam Limited, China Power International Development Limited, Henderson Land Development Company Limited, Henderson Investment Limited, CITIC Telecom International Holdings Limited, China COSCO Holdings Company Limited, Chow Tai Fook Jewellery Group Limited, Shanghai Commercial Bank Limited and Zhonghai Trust Co., Ltd. He retired as an independent non-executive director of Quam Limited during the year. From 1984 to 1998, Mr. Kwong was a partner of Pricewaterhouse and a council member of Hong Kong Stock Exchange from 1992 to 1997.

CHEUNG Wing Yui (張永銳), aged 63, has been an Independent Non-executive Director of the Company since October 2005, chairperson of Nomination Committee and a member of each Audit Committee and Remuneration Committee of the Company. Mr. Cheung is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Commerce degree in accountancy from The University of New South Wales, Australia. Mr. Cheung is also a member of CPA Australia, a practising solicitor in Hong Kong, a solicitor in the United Kingdom and an advocate and solicitor in Singapore. He is a former deputy chairperson of The Hong Kong Institute of Directors, a former director of Po Leung Kuk, a former vice chairperson of the Mainland Legal Affairs Committee of The Law Society of Hong Kong and a former member of the Board of Review (Inland Revenue Ordinance). Mr. Cheung is currently a consultant of Woo, Kwan, Lee & Lo, a law firm, a director and an executive committee member of The Community Chest of Hong Kong, and a deputy chairperson of the Council of The Open University of Hong Kong. He is a non-executive director of a number of companies, including Tianjin Development Holdings Limited, Sunevision Holdings Ltd., Tai Sang Land Development Limited, SRE Group Limited, SmarTone Telecommunications Holdings Limited. He is also an independent non-executive director of Hop Hing Group Holdings Limited.

Senior Management's Profile

WU Xiaoping (吳小平), aged 49, is a Vice President of the Group. Since joining the Group in 1993, Mr. Wu had been a deputy general manager and general manager of the Group. He is mainly responsible for the management of investment department and commercial leasing of the Group. Mr. Wu graduated from South China Normal University (華南師範大學) majoring in Foreign Languages. Prior to his joining of the Group, he worked with China Shenzhen Foreign Trade (Group) Corp. Ltd. (中國深圳對外貿易(集團)有限公司) from 1987 to 1993. Mr. Wu is a delegate of 14th People's Congress of Zhongshan City (中山市第十四屆人大), vice chairperson of the Standing Committee of Zhongshan City Industry and Commerce Confederation (General Chamber) (中山市工商業聯合會(總商會)), executive vice chairperson of Zhongshan City Real Estate Association (中山市房地產協會), president of Standing Committee of Commerce Chamber in Eastern District Zhongshan City (中山市東區商會), vice president of Charity Federation in Zhongshan City (中山市慈善總會), honorary president of Macau Zhongshan Shiqi Friendship Association (澳門中山石岐聯誼會), honorary president of Zhongshan Golf Association (中山市高爾夫球協會), vice president of Zhongshan Table Tennis Association (中山市乒乓球協會), deputy secretary-general of 3rd Committee of Zhongshan City Administration of Sports (中山市體育總會第三屆委員會), standing committee member of Zhongshan Overseas Friendship Association (中山市海外聯誼會), honorary principal of Zhongshan Western District Central Primary School (中山市西區中心小學) and director of Alumni Association of South China Normal University (華南師範大學).

HUANG Fengchao (黃奉潮), aged 50, is a Vice President of the Group and Regional President for Hainan and Yunan region. Since joining the Group in 1999, Mr. Huang had been a head of Real Estate Management Centre of the Group and general manager of Huadu and Nanhu projects. He is mainly responsible for the management of the Group's property projects outside Guangdong Province. Prior to his joining of the Group, he worked with ExxonMobil (China) Co. Ltd. (美國埃索(中國)有限公司) and France TOTAL (China) Ltd. (法國道達爾(中國)有限公司).

LIANG Zhengjian (梁正堅), aged 47, is a Vice President of the Group and Regional President for Southern China Region. Since joining the Group in 1996, Mr. Liang had been a manager, deputy general manager, general manager of the Group's property projects. He is mainly responsible for the management and business operation of the Group's property projects in Southern district of China. Prior to his joining of the Group, he had worked with Traffic Bureau of Zhongshan City (中山市交通局) and China Travel Service of Zhongshan (中山中國旅行社) from 1982 to 1995.

LIU Huaxi (劉華錫), aged 37, is a Vice President of the Group. Since joining the Group in 1995, Mr. Liu had been a supervisor of the Business Development Department, officer of Administrative Office, assistant to vice president and deputy head of Real Estate Management Centre of the Group. He is mainly responsible for the management of the Group's project development, hotel business, property management, administration and personnel management and corporate communications. Mr. Liu graduated from Hohai University (河海大學) majoring in enterprise management in 1995.

CHEN Zhongqi (陳忠其), aged 45, is a Vice President of the Group. Since joining the Group in 1993, Mr. Chen had been a project controller and chief engineer, supervisor of the Project Engineering Department, deputy manager of Project Management Department and a deputy head of Real Estate Management Centre of the Group. He is mainly responsible for the management of the project development of the Group's real estate business, including monitoring project quality, progress, technology, contract and quantity survey. Mr. Chen graduated from Neijiang Normal University (內江師範學院) (previously known as Neijiang Institute of Education (內江師範專科學院)) in 1991. He also has a budgeting engineer and registered quantity surveyor qualifications.

CHEN Lulin (陳璐琳), aged 40, is a Vice President of the Group. Since joining the Group in 2005, Mr. Chen had been a deputy head and vice president of Real Estate Management Centre of the Group. He is mainly responsible for the management of design centre, decoration project, green landscape engineering of the Group, and in charge of Zhongshan Fashion Decoration Co., Ltd. (中山市時興裝飾有限公司). Mr. Chen graduated from Lanzhou Railway University (蘭州鐵道學院) majoring in civil engineering. Prior to his joining of the Group, he worked with Shanghai Construction Group (上海建工集團).

Senior Management's Profile

XUE Shuangyou (薛雙有), aged 49, is a Vice President of the Group. Since joining the Group in 1999, Mr. Xue had been a chief engineer of the Group, deputy general manager and general manager of the Group's property projects and regional president. He is mainly responsible for the Group's property development, sales and property management in the Foshan district, projects of Western, Northeast and Central district of China. Mr. Xue graduated from Inner Mongolia University of Technology (內蒙古工業大學). Prior to his joining of the Group, he worked with The Tenth Institute of Project Planning and Research of Ministry of Machinery Industry (中國機械工業部第十設計研究院).

MAO Jianping (毛建平), aged 43, is a Vice President of the Group and Regional President for Eastern China. Since joining the Group in 1994, Mr. Mao had been an officer and manager of Contract Budget Department of the Group, a manager of Engineering Management Department in Guangzhou region, the general manager of Nanjing project and deputy head of Engineering Management Department of the Group. He is mainly responsible for the development, sales, management of properties, business operation, hotel operation and management in Eastern China region. Mr. Mao graduated from Guizhou Radio & TV University (貴州廣播電視大學) majoring in industrial automation and has cost engineer and senior economist qualifications. He had been awarded several awards including "Outstanding Non-Guangdong Province Resident Worker in Zhongshan City" (中山市優秀外來員工) in 2000, "New Leader of Real Estate in Nanjing" (南京地產新領軍人物) in 2009, "Nanjing Ten Most Fascinating People in Real Estate Business" (南京地產十大魅力人物), "2009-2010 Spiritual Advanced Individual in Nanjing Qinhuai District" (南京市秦淮區級精神文明建設先進個人) in 2010, "Individual Advanced Building of Four Capability in Fire Safety in Social Unit of Nanjing City" (南京市社會單位消防安全"四個能力"建設先進個人) in 2011 and delegate of 17th People's Congress of Nanjing Qinhuai District (南京市秦淮區第17屆人大代表) in 2012.

WU Jinhong (吳錦鴻), aged 44, is a Financial Controller of the Group. Since joining the Group in 1998, Mr. Wu had been a project finance officer, manager and deputy head of Finance Centre of the Group. He is mainly responsible for the financial management and supervision of the Group's projects outside Guangdong Province. Mr. Wu is graduated from Foshan Financial College (佛山財政學校) majoring in finance and taxation in 1990 and from Guangdong Radio & TV University (廣東廣播電視大學) majoring in finance and accounting in 1995, and obtained a postgraduate

diploma in economic management from Guangdong Institute of Social Science (廣東省社會科學院) in 2002. He has Registered Financial Planner qualification. Prior to his joining of the Group, Mr. Wu was an auditor of an accounting firm and a finance manager of a property development company.

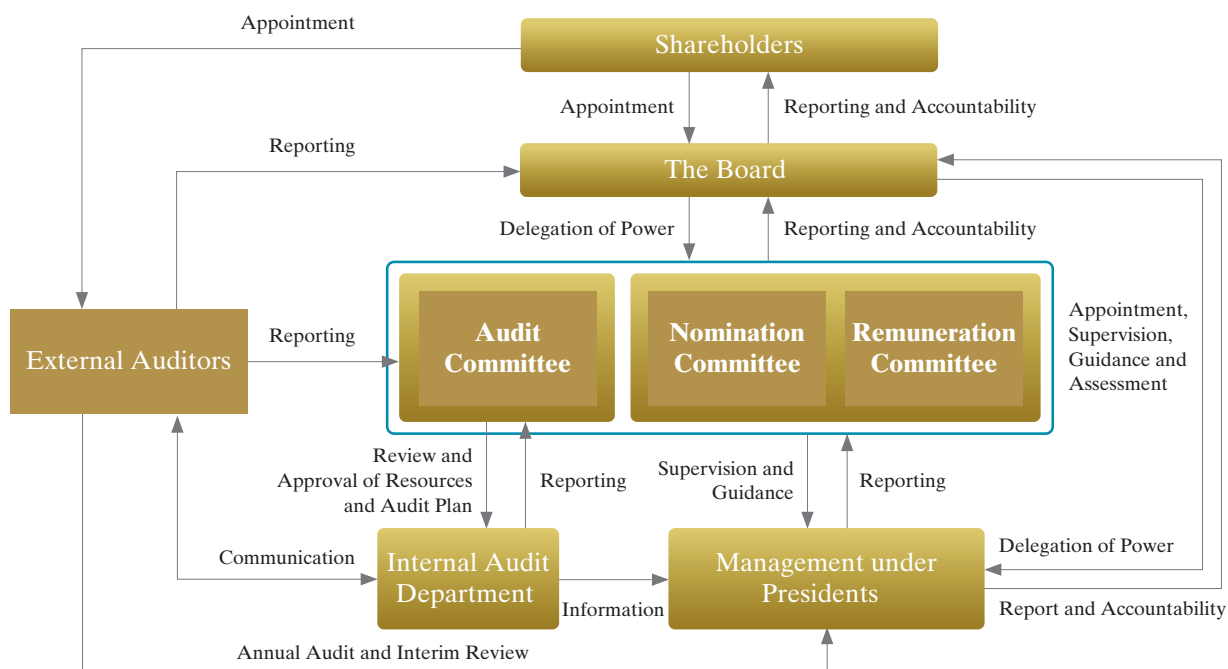
WANG Zhe (王哲), aged 47, is a Financial Controller of the Group. Since joining the Group in 2000, Mr. Wang had been a senior manager of the Group, regional deputy financial controller and financial controller of the Group's project in Guangzhou region. He is mainly responsible for the financial management and accounting, tax planning and financing of the Group. Mr. Wang graduated from Shaanxi Financial Collage (陝西財經學院) in 1995 and has Chinese Certified Public Accountant and Chinese Certified Tax Agent qualifications. Prior to his joining of the Group, Mr. Wang worked with Shaanxi Province Tongchuan City Post & Telecommunication Bureau (陝西省銅川市郵電局) from 1985 to 1996 and Guangzhou Eastern Group (廣州東方人集團) from 1996 to 2000.

LUI Wai Pang (雷偉彬), aged 39, is a Financial Controller of the Group. Mr. Lui joined the Group in 2006 and is mainly responsible for accounting, corporate finance and investor relations of the Group. He has over 15 years of professional experience in accounting, corporate finance and auditing. Mr. Lui is a fellow member of the Association of Chartered Certified Accountants and member of the Hong Kong Institute of Certified Public Accountants. He obtained a Bachelor's degree in Accounting from The Hong Kong University of Science and Technology.

WAI Ching Sum (衛靜心), aged 45, is a Company Secretary of the Company and General Manager of Hong Kong region. Since joining the Group in 2005, Ms. Wai is mainly responsible for corporate governance and corporate affairs of the Group, and the management and business operation in Hong Kong region. Ms. Wai graduated with a Master of Science degree in Financial Economics from The University of London, England in 1997 and a Master of Laws degree in Chinese Laws and Comparative Laws from City University of Hong Kong in 2002. She is a fellow member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries and possesses the Practitioner's Endorsement issued by The Hong Kong Institute of Chartered Secretaries. Prior to her joining of the Group, Ms. Wai had worked in a number of companies listed on the Hong Kong Stock Exchange and has over 21 years of relevant professional experience.

Corporate Governance Report

Corporate Governance Structure



The Group firmly believes in operating and developing various business sectors in an enlightened and responsible way; while it is beneficial for the keeping up and building of Agile’s renowned branding, helps realizing the target of profit maximisation for the enterprise; it also contributes to consolidate and enhance the long-term benefits of the Group as well as its Shareholders. Accordingly, the Group attaches great importance to the quality of the management and leadership of the Board and the management, adopts a steady and responsible policy for operation and development as well as an effective but stringent style of governance and reviewing and improving the internal monitoring and control system from time to time.

Strict corporate governance can enhance the Group’s credibility and transparency, thus strengthening the confidence of the Shareholders and the public in the Group. During the year, the Group has complied with all code provisions of CG Code, and complied with certain recommended best practices.

Particulars about the Group’s investor relations and recognitions received in respect of the good management and corporate governance are set out in the investor relations section on page 72 of this annual report.

Compliance with Model Code

The Company has adopted a code for securities transactions by Directors (“Securities Dealing Code for Directors”), which is on terms no less exacting than the required standard as set out in the Model Code. After enquiry, each of the Directors has confirmed to the Company that he or she had completely complied with the Securities Dealing Code for Directors during the year ended 31 December 2012. For the Group’s staff, they are required to comply with the code for securities transactions by the Group’s employees.

The Board

The Board currently comprises 9 members, with 6 executive Directors and 3 INEDs, being one-third of the Board. They possess professional qualification and experience in the three areas of financial accounting, law and real estate industry respectively. Relevant list of members of the Board has been published on the Company's website, and the relations and biographical details of each Director is set out on pages 76 to 79 of this annual report.

The Board will assign task and power according to the function and ability of the management when formulating development strategies and management policies, and present a clear guidance. The Company also formulates its own terms of reference of the Board and clearly presents the division of responsibilities of the Board and the president.

Chairman, Vice Chairperson and Co-Presidents

The role and division of responsibilities between the Chairman and Vice Chairperson and Co-Presidents are clearly defined. Mr. Chen Zhuo Lin is the Chairman of the Board, and Mr. Chan Cheuk Yin and Ms. Luk Sin Fong, Fion, are the Vice Chairpersons and Co-Presidents respectively.

The Chairman is responsible for formulating the Company's overall strategies and policies, and organising the works of the Board, ensuring its effectiveness; and instructing the company secretary from time to time to provide the Directors with the Group's development situation and the latest information or provisions relating to the corporate governance so that the Directors can perform their duties. Meanwhile, the Chairman will, from time to time arrange, the INEDs and executive Directors to jointly attend the opening ceremony of new projects, site visits and participate in corporate activities as well as Company's dinner party to promote a favourable and constructive relationship between the executive Directors and INEDs. During the year, the Chairman held one separate meeting alone with all INEDs without the presence of other executive Directors.

The presidents are also authorised by the Board to lead the senior management to carry out the day-to-day management and operations of the business of the Group according to the objectives and directions determined by the Board, and internal control policy and procedure.

Independence of the independent non-executive Directors

Each INED has given the Company his confirmation of independence under the standard set out in rules 3.13 of the Listing Rules, and the Company also considered their independent. No INED has served the Company for more than 9 years.

INEDs may offer independent opinions on the operation management and development strategies of the Group, and vote independently on matters where executive Directors shall abstain from voting when there is a potential conflict of interests between executive Directors and the matter under consideration.

Appointment and re-election

The tenure of executive Directors and INEDs are 3 years respectively, calculating from the date of the annual general meeting approving the appointment by the Shareholders to the end of the third annual general meeting. The Company has entered into service agreements with each executive Director, and appointment letters with INEDs. Both service agreements and appointment letters clearly set out the powers and duties of the Directors.

Corporate Governance Report

Each Director has disclosed to Company about the names, titles and nature of the Company or organisation hold in public companies or organisations, prior to the acceptance of the appointment, and promised to inform timely the Company of its any relevant change. The Company will also require Directors to submit written confirmation or update on their biographical details, if any, every year, and set out the updated biographical details of Directors, if any, in this annual report.

Pursuant to requirements of the articles of association of the Company, not less than one third of the Board's directors shall retire by rotation in annual general meeting and each Director (including INEDs) shall retire by rotation once every 3 years and being entitled to re-election. Both names and biographical details of Directors eligible for re-election are set out in circular of the Company for Shareholders to make informed decisions with grounds in the election of Directors. All Directors appointed to fill a casual vacancy or additional appointment will be subject to election by Shareholders at the forthcoming general meeting after their appointments and being entitled to re-election. Appointment of the directors of the Company shall be subject to a separate resolution to be approved by Shareholders.

Training and support for Directors

Pursuant to the established procedures of the Company, any newly appointed Director will be provided with information relating to the discharge of his or her duties as directors, including "Statement of Policy for Corporate Governance", the operation and financial information of the Group, "A Guide on Directors Duties" issued by Companies Registry, and Listing Rules. The company secretary will also provide Directors with the latest information on Listing Rules and other applicable regulatory requirements, so as to update and strengthen the Directors' awareness of the development of corporate governance, and maintains records of training attended by the Directors.

During the year, the summary of training received by the Directors are as follows:

Directors	Training Matters ^{note}
Executive Directors	
Mr. Chen Zhuo Lin (<i>Chairman</i>)	A, B, C, D
Mr. Chan Cheuk Yin (<i>Vice Chairperson and Co-President</i>)	A, B, C, D
Ms. Luk Sin Fong, Fion (<i>Vice Chairperson and Co-President</i>)	A, B, C, D
Mr. Chan Cheuk Hung (<i>Senior Vice President</i>)	A, B, C, D
Mr. Chan Cheuk Hei (<i>Senior Vice President</i>)	A, B, C, D
Mr. Chan Cheuk Nam (<i>Senior Vice President</i>)	A, B, C, D
Independent Non-executive Directors	
Dr. Cheng Hon Kwan	A, B, C, D
Mr. Kwong Che Keung, Gordon	A, B, C, D
Mr. Cheung Wing Yui	A, B, C, D

Note: A. corporate governance
B. regulatory
C. finance
D. managerial

Board and board committee meetings

During the year, the Board held a total of 5 physical meetings in March, May, August, September and December respectively, with one held outside Hong Kong.

Generally, the Board will determine the date of the following year's regular meetings on the last regular physical meeting during the year so as to ensure that all the Directors can schedule their respective timetable with an aim to allocate the time to attend the meetings. The Company will also provide all the Directors with at least 14 working days notice in respect of holding regular Board meetings. Company secretary will follow the instruction from the Chairman to circulate the draft Board meeting agenda to all Directors for their perusal and comment 21 days before meeting date. The Board meeting agenda will be signed and issued by the company secretary only after incorporating all the comments of Directors (if any). Meeting documents will normally be delivered to all Directors 3 working days before meeting date, so as to ensure they are fully informed before the meeting.

Any matter involving interest of substantial Shareholder or Directors shall be subject to the consideration and approval by Board attend personally at a Board meeting, or to be implemented and dealt with by designated Board committee. Directors who have interest may attend meeting but shall not be counted towards quorum and Directors who have interest shall abstain from voting on the relevant matter. All Directors can require the company secretary to provide advice and service on relevant aspects, including the follow-up of or the provision of support to any matters; ensuring the Board procedures and all applicable rules and regulations are complied with.

The management will submit relevant reports and report the content of the meeting to the Directors on every quarterly Board meeting, and will also submit last month's report on relevant financial and operational data of the Group at the beginning of every month, and other reports required by the Board from time to time to the Directors for their perusal and comment. The management will also give detailed explanation to any enquiry made by the Directors. Therefore, the Board may make informed assessment in respect of the financial and other information submitted to them for their approval.

The meeting minutes of the Board and its committees are drafted and kept by the company secretary. All meeting minutes will set out in detail the matters considered and decisions made at the meetings, including, among others, any queries made or views expressed by the Directors. Generally, the company secretary will distribute the first draft of the meeting minutes to all the relevant attending Directors for their comment within 7 working days after the end of the meetings of the Board and its committees. Having incorporated the comments of the Directors (if any), the finalised version of the meeting minutes as assigned on by the chairman of such meetings will be distributed by the company secretary to all relevant attending Directors for recordkeeping purpose.

All the executive Directors and the INEDs have allocated a reasonable amount of time to follow and deal with various affairs of the Company during the year. In addition to attending the meetings of the Board and its committees, the Directors also spend sufficient time in reviewing the monthly internal audit reports provided by the Internal Audit Department.

Corporate Governance Report

Attendance of Directors and members of Board committees

	Number of attendance ^{note} /meetings held in 2012				Annual General Meeting
	The Board	Audit Committee	Nomination Committee	Remuneration Committee	
Executive Directors					
Mr. Chen Zhuo Lin (<i>Chairman</i>)	5/5	–	–	–	1/1
Mr. Chan Cheuk Yin (<i>Vice Chairperson and Co-President</i>)	3/5	–	–	–	0/1
Ms. Luk Sin Fong, Fion (<i>Vice Chairperson and Co-President</i>)	5/5	–	1/1	1/1	0/1
Mr. Chan Cheuk Hung	4/5	–	–	–	0/1
Mr. Chan Cheuk Hei	5/5	–	–	–	0/1
Mr. Chan Cheuk Nam	5/5	–	–	–	0/1
Independent Non-executive Directors					
Dr. Cheng Hon Kwan	4/5	2/2	1/1	1/1	1/1
Mr. Kwong Che Keung, Gordon	5/5	2/2	1/1	1/1	1/1
Mr. Cheung Wing Yui	5/5	2/2	1/1	1/1	1/1

Note: The Directors can attend meetings in person, by phone or through other means of electronic communication in accordance with the Company's Articles of Association.

Liability insurance of Directors and senior management

Since its listing in 2005 and to date, the Company has purchased the "Directors and Officers Liability Insurance" for its Directors and senior management, in order to safeguard them from any legal and compensation liabilities arising in the course of discharging their duties.

The committees of the Board

The Company has established 3 committees, including remuneration committee, nomination committee and audit committee. Terms of reference of each of the committees have posted on Agile's website (www.agile.com.cn) and HKEx's website (www.hkex.com.hk), and will be amended by the Board from time to time.

Remuneration committee

Remuneration committee has been established since November 2005 and comprising of 3 INEDs and an executive Director. Chairman of the remuneration committee is Dr. Cheng Hon Kwan, an INED.

The major duties of remuneration committee are to formulate the Group's remuneration policy and give advice to the Board. In determining remuneration of executive Directors, remuneration committee will take into consideration the remuneration level of peers with similar scale, the time spent by respective executive Director, individual performance and Company's performance. Before the remuneration committee proceeds to discuss and determine the remuneration for executive Directors, the remuneration committee will first consult the Chairman and, if necessary, consult the management for their advice. The remuneration committee, if necessary, may seek independent professional opinions when discharging their duties at the fees and expenses of the Company.

During the year, the remuneration committee held one meeting, the agenda of which is set out below:

- Reviewing the amendment to the Terms of Reference for Audit Committee;
- Reviewing the remuneration adjustments of senior management in 2012;
- Confirming the remuneration of executive Directors and INEDs in 2011;
- Discussing and determining the remuneration of executive Directors in 2012; and
- Discussing and determining the remuneration of INEDs in 2012.

Nomination committee

Nomination committee has been established since December 2006. It comprises 3 INEDs and an executive Director. Chairman of the nomination committee is Mr. Cheung Wing Yui, an INED.

The major duties of nomination committee are to give advice to the Board on the appointment/re-appointment of Directors, and to review the structure, number of members and composition of the Board and to assess the independence of INEDs.

Nomination committee is responsible for the development of selection procedures for candidates, and will consider different criteria including appropriate professional knowledge and experience. Nomination committee, if necessary, may seek independent professional opinions when discharging their duties at the fees and expense of the Company.

During the year, the nomination committee held one meeting and the agenda is mainly to reviewing the amendment to the Terms of Reference for Nomination Committee and considering the contribution to the Group by the retiring Directors of Mr. Chen Zhuo Lin, Ms. Luk Sin Fong, Fion and Dr. Cheng Hon Kwan, and advising the Board on the re-election of proposed retiring Directors at the annual general meeting.

Corporate Governance Report

Audit committee

Audit committee has been established since November 2005. Audit committee comprises 3 INEDs. Chairman of the audit committee is Mr. Kwong Che Keung, Gordon, an INED.

Main duties of audit committee are reviewing accounting policy, monitoring the works of both the Company's external auditors and internal audit department, reviewing and assessing the financial reporting procedure and its effectiveness, as to ensure the compliance with the regulations of applicable accounting and reporting and the requirements of law and provisions, and considering and reviewing the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial function, and reporting the results to the Board. Audit committee, if necessary, may seek independent professional opinions when discharging their duties at the fees and expenses of Company.

During the year, audit committee held 2 meetings in February and August respectively, the agenda of which is set out below:

- Reviewing the amendment to the Terms of Reference for Audit Committee;
- Reviewing annual results of 2011 and annual report of 2011, interim results of 2012 and interim report of 2012;
- Reviewing audit and review works reports, the advice report of internal control and management presented by auditors;
- Discussing and reviewing presented internal control management report, audit monitoring plan and audit timetable; and
- Reviewing the matters of the Group's internal control and risk assessment.

Audit committee and the Board have no argument in relation to the recommendation of the re-appointment of PricewaterhouseCoopers as the external auditors.

External auditor

At the 2012 annual general meeting, the Shareholders approved the re-appointment of PricewaterhouseCoopers as the auditor of the Group. For the year ended 31 December 2012, remuneration paid and payable to PricewaterhouseCoopers in relation to audit and non-audit services are detailed as below:

	2012 RMB	2011 RMB
Fee for audit services (including Hong Kong Standard on Review Engagements 2410 review on interim results)	5,800,000	5,400,000
Fee for non-audit services	950,000	1,440,000

Responsibility in financial statements

Directors have acknowledged their responsibilities for preparing the accounts in this annual report, and PricewaterhouseCoopers, the external auditor of the Group have also stated their reporting responsibility in the auditor's report of financial statements.

The Board is not aware of any uncertainty or conditions of a material nature that would affect the Company's ability as to continue as a going concern.

Internal control

The Board is responsible for formulating proper internal control and risk management system for the Group, and reviewing its effectiveness regularly through the audit committee.

The internal audit department of the Group reports and presents directly to the audit committee, responsible for constantly supervising the work flow and risk assessment of each department of the Group, to assist the Board and senior management complying with the applicable supervising requirements and guidelines in risk control and supervision, so as to improve the efficiency of internal control system. Through continuous internal audit and reporting from time to time, the internal audit department will ensure the effective operation of the internal control system.

During the year, the audit committee held 2 meetings with the internal audit department. The audit committee reviewed and discussed the works done and planning reports submitted by the internal audit department, reviewed the effectiveness of the internal control at the meetings and reported the results of review and discussion to the Board. Should any material fault be found or any material weakness in monitoring be found, the internal audit department will report them to the audit committee immediately. During the year, the audit committee and the Board considered that the internal control system of the Group worked effectively.

For risk management, the Board will review the Group's finance, operation and compliance, and risk management corresponding to the changes in its business and to cope with by discussing and formulating strategies or measures in each of quarterly meeting.

In addition, the Company has also appointed BDO Financial Services Limited ("BDO Financial") to conduct the internal control review and reports to the audit committee. In the internal control review and reports, BDO Financial has pointed out that they are satisfactory on the Group's internal control system in all major aspects, while there are some weakness. The Board also instructs the management to take corresponding measures according to the weakness of internal control pointed out by BDO Financial.

Company Secretary

The company secretary is a full time employee of the Company and familiar with the day-to-day knowledge of the Company's affairs. The company secretary reports to the Chairman and is responsible for advising the Board on governance matters. During the year, the company secretary has confirmed that she has completed no less than 15 hours of relevant professional training. The biographical details of the company secretary is set out on page 81 of this annual report.

Relation between Agile and Shareholders

Shareholders' rights

Any Shareholders holding not less than one-twentieth (1/20) of the paid-up capital of the Company can deposit a written request to convene an extraordinary general meeting (stating the objects of the meeting and signed by the Shareholders concerned) at the Company's principal place of business in Hong Kong for the attention of the company secretary. If the Directors do not within 21 days from the date of the deposit of a request proceed to convene an extraordinary general meeting for a day not more than 28 days after the date on which the notice convening the extraordinary general meeting is given, the Shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an extraordinary general meeting, but any extraordinary general meeting so convened shall not be held after the expiration of 3 months from the aforesaid 28 days.

Any (i) Shareholder(s) representing not less than one-fortieth (1/40) of the total voting rights of all Shareholders of the Company or (ii) not less than 50 Shareholders holding the Shares in the Company on which there has been paid up an average sum of not less than HK\$2,000 per Shareholder can put forward proposals for consideration at a general meeting of the Company by depositing a requisition in writing signed by the relevant Shareholder(s) at the Company's principal place of business in Hong Kong.

Shareholder(s) who wishes to propose a person (other than himself/herself) for election as a director of the Company at the general meeting, should (i) deposit a written notice at the Company's principal place of business in Hong Kong for the attention of the company secretary; (ii) the notice must state the full name of the candidate, his/her biographical details as required by Rule 13.51(2) of the Listing Rules and be signed by the proposer; and (iii) a written consent signed by the candidate indicating his/her willingness to be elected as director of the Company. The period for lodgment of the Notice will commence no earlier than the day after the dispatch of the notice of general meeting and ends no later than 7 days prior to the date of general meeting. The relevant detailed procedures have been published on Agile's website (www.agile.com.cn).

Communication with Shareholders

Both the Board and the management fully understand the importance that there must be good communications with the Shareholders in order to help Shareholders and investors to have a better understanding of the businesses of the Group. Therefore, the Company has been reporting the performance and latest development of the Group to Shareholders through various channels and platforms, as follows:

- Apart from publishing the annual reports, interim reports, announcements, and circulars to Shareholders on the Company's website (www.agile.com.cn), HKEx's website (www.hkex.com.hk) and Singapore Exchange's website (www.sgx.com), the Company has also posted onto its website the financial highlights, press release, and the terms of reference of the Board's committees, such that Shareholders can obtain more corporate information from the website of the Company. Moreover, in order to enable Shareholders to have a better understanding of the latest movement and development of the Group, a "Monthly Newsletter" (including the monthly focus of the Group) and company news has been added to the Company's website;

Corporate Governance Report

- The Company is committed to improve its investor relations. During the year, senior management of the Company had conducted various meetings with institutional investors, fund managers, and financial analysts. The report of meetings are reviewed in the quarterly meetings of the Board to ensure that their views and recommendations can reach the Board;
- The Company also establishes investor relations contact information for Shareholders to express their opinions and making enquiries. The details are set out on page 191 in the corporate information of this annual report;
- Members of the Board actively take part in the annual general meetings in order to have more contacts with the Shareholders. The chairman of the Board, the chairperson of the audit committee, the chairperson of remuneration committee and the proxy of the chairperson of nomination committee and the external auditors have attended the 2011 annual general meeting. In the general meeting, there is a briefing on the business of the Company by the Chairman of the Board and a question and answer session as well as a discussion with shareholders on the long-term development strategy of the Company. Poll results are posted on Agile's website (www.agile.com.cn), HKEx's website (www.hkex.com.hk) and Singapore Exchange's website (www.sgx.com); and
- The Company's notice of 2012 annual general meeting had been despatched to Shareholders in no less than 20 business days before the commencing date of the meeting. The Shareholders' circular of the Company in 27 March 2012 set out that all resolutions proposed at the general meeting had been taken by way of poll pursuant to Rules 13.39 of the Listing Rules while the chairman of the meeting further announced that all resolutions had been taken by way of one vote per share. The company secretary is responsible for specifying the relevant procedures to the attendant shareholders to ensure that the shareholders are familiar with the details of the procedures of voting by poll.

During the year, the Company had approved the amendments to the Memorandum and Articles of Association of the Company, and adopted the restated Memorandum and Articles of Association in the 2012 annual general meeting.

Report of the Directors

The Board are pleased to present this report for the year ended 31 December 2012.

Principal activities

The Company is principally engaged in investment holdings. Its subsidiaries are principally engaged in property development, property management, hotel operations and property investment.

An analysis of the Group's turnover and operating profit during the year by principal business segments is set out in note 5 to the consolidated financial statements.

Subsidiaries

Particulars of the Company's major subsidiaries as at 31 December 2012 are set out in note 45 to the consolidated financial statements.

Results

The results of the Group for the year ended 31 December 2012 are set out on page 111 of this annual report.

Dividends

The Company's interim dividend of HK14.5 cents (2011: HK10.8 cents) per Share was distributed to Shareholders on 25 September 2012. The Board has proposed the payment of a final dividend of HK23.9 cents (2011: HK23.4 cents) per Share. Upon receipt of Shareholders' approval, the total dividend of 2012 was HK38.4 cents (2011: HK34.2 cents) per Share and is expected to be paid on or about Friday, 7 June 2013 to Shareholders whose names appear on the register of members of the Company on Tuesday, 28 May 2013.

Share capital

Details of movements in the share capital of the Company during the year are set out in note 20 to the consolidated financial statements.

Reserves

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

As at 31 December 2012, the distributable reserves of the Company were approximately RMB4.9 billion (2011: RMB4.7 billion).

Investment properties

During the year, the fair value gains of the Group's investment properties amounted to RMB178 million and has been recognised directly in the consolidated income statement.

Details of movements of the Group's investment properties during the year are set out in note 9 to the consolidated financial statements.

Property, plant and equipment

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

Borrowings and interest capitalised

Borrowings repayable on demand or within one year are classified under current liabilities. Details of the borrowings of the Group are set out in note 22 to the consolidated financial statements. Interest and other borrowing costs capitalised by the Group during the year are set out in note 33 to the consolidated financial statements.

Senior notes

The Company issued three different senior notes in November 2009, April 2010 and March 2012 respectively, (i) 10% senior notes in an aggregate principal amount of US\$300 million due by 2016 (“2009 Notes”), (ii) 8.875% senior notes in an aggregate principal amount of US\$650 million due by 2017 (“2010 Notes”) and (iii) 9.875% senior notes in an aggregate principal amount of US\$700 million due by 2017 (“2012 Notes”). Details of 2009 Notes, 2010 Notes and 2012 Notes are set out in note 22 to the consolidated financial statements.

Convertible bonds

On 28 April 2011, the Company issued 4.0% convertible bonds in an aggregate principal amount of US\$500 million due by 2016 (the “Convertible Bonds”). The net proceeds from the issue of the Convertible Bonds are used for possible land acquisitions and used as general working capital. Details of the Convertible Bonds are set out in note 23 to the consolidated financial statements.

Donations

Donations made by the Group during the year amounted to RMB177 million (2011: RMB83 million).

Retirement benefit scheme

Details of retirement benefit scheme of the Group are set out in note 31 to the consolidated financial statements.

Five-year financial summary

The financial summary of the Group for the year ended 31 December 2012 and the last 4 financial years is set out on pages 189 to 190 of this annual report.

Senior management

Biographical details of the senior management of the Group are set out on pages 80 to 81 of this annual report.

Directors

The list of Directors of the Board is set out on page 191 of this annual report and their biographical details are set out on pages 76 to 79 of this annual report. All Directors held office for the whole year.

Report of the Directors

In accordance with Article 87 of the Company's articles of association, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Nam and Mr. Cheung Wing Yui shall retire from their office by rotation and being eligible, offer themselves for re-election at 2013 AGM. None of them has a service agreement or appointment letter with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

The Company has received from each INED a confirmation of his independence pursuant to the independence guidelines under the Listing Rules. The Company considered all the INEDs were independent.

Share option scheme

The Company has adopted a share option scheme (the "Scheme") on 23 November 2005. So far no option has been granted by the Company under the Scheme since its adoption.

Summary of the Scheme disclosable pursuant to Chapter 17 of the Listing Rules is as follows:

Purpose and objectives of the Scheme	<p>To recognise and commend eligible participants who have or may have contribution to the Group:</p> <ol style="list-style-type: none">1. to motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and2. to attract and retain or otherwise maintain good relationship with eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.
Participants of the Scheme	<p>Eligible participants can be any of the following class of persons or entities:</p> <ol style="list-style-type: none">1. any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;2. any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries;3. any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and4. such other persons who, in the opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are:<ol style="list-style-type: none">(i) contribution to the development and performance of the Group;(ii) quality of work performed for the Group;(iii) initiative and commitment in performing his/her duties; and(iv) length of service or contribution to the Group.

Report of the Directors

Total number of shares available for issue under the Scheme and percentage to the issued share capital as at 31 December 2012	The number of shares available for issue under the Scheme is 332,200,000 shares, representing approximately 9.63% of the issued share capital as at 31 December 2012.
Maximum entitlement of each participant	The maximum entitlement for each participant is that the total number of shares of the Company issued and to be issued upon exercise of the option granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue. Any grant of further options above this limit shall be subject to certain requirements as stipulated in the rules of the Scheme.
The period within which the share options must be exercised	Commencing on the date of grant and deemed accepted of an option and expiring at 10 years from that date.
The minimum period for which an option must be held before it can be exercised	A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any option granted under the Scheme can be exercised.
The amount payable on application or acceptance of the option, and the period within which payments or calls must or may be made, or loans for such purposes must be paid	Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant. Any offer to grant an option to subscribe for shares may be accepted in respect of less than the number of shares for which it is offered provided that it is accepted in respect of a board lot of dealing in shares on the Hong Kong Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.
The basis of determining the exercise price	The subscription price of a share in respect of any particular option granted under the Scheme shall be such price as the Board in its discretion shall determine, save that such price will not be less than the highest of: <ol style="list-style-type: none"> 1. the closing price of shares as stated in the Hong Kong Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Hong Kong Stock Exchange is open for business of dealing in securities; 2. the average of the closing price of shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for five business days immediately preceding the date of grant; and 3. the nominal value of a share.
Validity of the Scheme	10 years, from 23 November 2005 to 22 November 2015.

Report of the Directors

Model code for securities transactions by directors

The Company has adopted a code for securities transactions by Directors (“Securities Dealing Code for Directors”), which is on terms no less exacting than the required standard as set out in the Model Code. After enquiry, each of the Directors has confirmed to the Company that he or she had completely complied with the Securities Dealing Code for Directors during the year ended 31 December 2012.

Directors’ interests in shares, underlying shares and debentures and short positions

As at 31 December 2012, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of SFO) which (i) were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by Securities Dealing Code for Directors to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

(1) Long positions in shares of the Company

Name of Director	Shares held in the Company			Total number of Shares	Approximate percentage to issued Share capital
	Capacity of interests held	Number of Shares	Note		
Chen Zhuo Lin	Beneficiary of a trust	2,180,530,000	1	2,193,220,000	63.58%
	Controlled corporation	12,690,000	2		
Chan Cheuk Yin	Beneficiary of a trust	2,180,530,000	1	2,192,530,000	63.56%
	Controlled corporation	12,000,000	3		
Luk Sin Fong, Fion	Beneficiary of a trust	2,180,530,000	1	2,193,220,000	63.58%
	Controlled corporation	12,690,000	2		
Chan Cheuk Hung	Beneficiary of a trust	2,180,530,000	1	2,180,530,000	63.21%
Chan Cheuk Hei	Beneficiary of a trust	2,180,530,000	1	2,187,530,000	63.42%
	Beneficial owner	7,000,000	4		
Chan Cheuk Nam	Beneficiary of a trust	2,180,530,000	1	2,186,558,000	63.39%
	Beneficial owner	6,028,000	5		

Report of the Directors

Notes:

1. Held by Top Coast Investment Limited as trustee.
2. Held by Brilliant Hero Capital Limited and Famous Tone Investments Limited which are jointly controlled by Mr. Chen Zhuo Lin and Ms. Luk Sin Fong, Fion.
3. Held by Renowned Idea Investments Limited, which is wholly-owned by Mr. Chan Cheuk Yin.
4. Jointly held by Mr. Chan Cheuk Hei and his spouse Ms. Lu Yanping.
5. Jointly held by Mr. Chan Cheuk Nam and his spouse Ms. Chan Siu Na.

(2) Long positions in the debentures of the Company

Name of Director	Type	Personal interests	Approximate percentage to the debentures
Kwong Che Keung, Gordon	8.875% senior notes in an aggregate principal amount of US\$650 million due by 2017	US\$1,000,000	0.154%

Save as disclosed above, as at 31 December 2012, none of the directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which (i) were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by Securities Dealing Code for Directors to be notified to the Company and the Hong Kong Stock Exchange.

Report of the Directors

Substantial shareholders' interests and short positions

So far as is known to the directors or chief executives of the Company, as at 31 December 2012, the interests or short positions of substantial shareholders (other than Directors or the chief executives of the Company) in the shares or underlying shares of the Company which (i) would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Name of Shareholder	Shares held in the Company			Total number of Shares	Approximate percentage to issued Share capital
	Capacity of interests held	Number of Shares	Note		
Top Coast Investment Limited	Trustee	2,180,530,000		2,180,530,000	63.21%
Zheng Huiqiong	Spouse	2,192,530,000	1	2,192,530,000	63.56%
Lu Liqing	Spouse	2,180,530,000	2	2,180,530,000	63.21%
Lu Yanping	Beneficial owner	7,000,000	3	2,187,530,000	63.42%
	Spouse	2,180,530,000	4		
Chan Siu Na	Beneficial owner	6,028,000	5	2,186,558,000	63.39%
	Spouse	2,180,530,000	6		

Notes:

1. Deemed interests attributable to the spousal relationship with Mr. Chan Cheuk Yin, a Director.
2. Deemed interests attributable to the spousal relationship with Mr. Chan Cheuk Hung, a Director.
3. Jointly held by Ms. Lu Yanping and her spouse Mr. Chan Cheuk Hei, a Director.
4. Deemed interests attributable to the spousal relationship with Mr. Chan Cheuk Hei, a Director.
5. Jointly held by Ms. Chan Siu Na and her spouse Mr. Chan Cheuk Nam, a Director.
6. Deemed interests attributable to the spousal relationship with Mr. Chan Cheuk Nam, a Director.
7. All interests in the above Shares were long positions.

Save as disclosed above, as at 31 December 2012, none of the substantial shareholders (other than Directors or chief executives of the Company) had informed to the Company that they had any interests or short positions in the shares which (i) would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO.

Interests of any other persons

Save as disclosed in the foregoing, as at 31 December 2012, none of any other persons had informed to the Company that they had any interests and short positions in the shares which (i) would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO.

Remuneration policy of the Group

As at 31 December 2012, the Group had a total of 13,439 employees. The related employees' costs for the year amounted to approximately RMB1,050 million. The compensation of the Group is determined with reference to the market, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

Basis for determining emoluments for Directors

Apart from benchmarking against the market, the Company also looks at individual competency, contributions and the affordability to the Company in determining the level of remuneration for each Director. Benefit schemes of the Company are also in place for the Directors.

Directors' interests in competing business

For the year ended 31 December 2012 and up to the date of this annual report, Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam (the "Executive Directors") hold the interests of Zhongshan Agile Changjiang Hotel Co., Ltd. ("Changjiang Hotel Co."), which operates Zhongshan Agile Changjiang Hotel ("Changjiang Hotel").

Changjiang Hotel was in operation before the Group started its own hotel business. Executive Directors issued an invitation letter dated 10 September 2007 to the Company inviting the Company to exercise its rights to acquire Changjiang Hotel Co. pursuant to the deed of non-competition and compensation with the Company (the "Deed") dated 23 November 2005. Pursuant to the Deed, Executive Directors undertake that they will not, and shall procure their controlled affiliates not to engage in any possible competing business. Pursuant to the relevant clause of the Deed, the Company has a priority to participate in such business that Executive Directors would not directly or indirectly participate in an competing business with the Group from time to time operated. Executive Directors will, as and when required under the Company's articles of association and "Statement of Policy for Corporate Governance", abstain from voting on any resolution of the Board in respect of any contract, arrangement or proposal in which he or she or any of his associates has material interest. As such, a Board committee comprising all INEDs ("Independent Board Committee") was formed to consider the acquisition of Changjiang Hotel Co.. Changjiang Hotel was in operation before the Group started its own hotel business and that the scale of the business of Changjiang Hotel was considered insignificant compared with the businesses of the Group, the Independent Board Committee concluded that the business of Changjiang Hotel was unlikely to compete with the hotel business of the Group and decided not to acquire it.

Report of the Directors

Since the business of Changjiang Hotel is operated and managed independently by Changjiang Hotel Co., Directors are of the view that the Group is capable of carrying on its hotel businesses independently and at arm's length from Changjiang Hotel.

Directors' interests in contracts

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its fellow subsidiaries was a party, and in which a Director had a material interest in the material contract, whether directly or indirectly, subsisted at any time during the year and at the end of the year.

Major customers and suppliers

During the year, the five largest customers of the Group accounted for less than 30% of revenue of the Group for the year, and the five largest suppliers of the Group accounted for less than 30% of purchases of the Group for the year.

None of the Directors, their respective associates nor any Shareholders (who are interested in more than 5% of the issued share capital of the Company to the knowledge of the Directors) had any interests in any of the five largest customers or suppliers of the Group.

Connected transactions

During the year, there was no connected transaction of the Group that need to be disclosed pursuant to Chapter 14A of the Listing Rules.

Management contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Purchase, sale or redemption of listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2012.

Specific performance by the controlling shareholders

1. As disclosed in the Company's announcement dated 8 September 2010, the Company (as the borrower) had entered into a facility agreement with Standard Chartered Bank (Hong Kong) Limited, Hang Seng Bank Limited, Bank of China Limited, Macau Branch and Tai Fung Bank Limited (collectively, the lenders) and Standard Chartered Bank (Hong Kong) Limited (as the facility agent and security agent) pursuant to which a loan facility of HK\$1,592.5 million for a period of 36 months from 8 September 2010 ("2010 Club Facility") had been granted under the guarantees of the subsidiaries of the Company.
2. As disclosed in the Company's announcement dated 16 June 2011, the Company (as the borrower) had entered into a facility agreement with The Hongkong and Shanghai Banking Corporation Limited (as the lender) pursuant to which a loan facility of US\$100 million for a period of 36 months from 16 June 2011 ("2011 HSBC Facility") had been granted under the guarantees of the subsidiaries of the Company.

Report of the Directors

3. As disclosed in the Company's announcement dated 14 July 2011, the Company (as the borrower) had entered into a facility agreement with Standard Chartered Bank (Hong Kong) Limited, Barclays Bank PLC, The Royal Bank of Scotland plc, Hong Kong Branch, The Bank of East Asia, Limited, Hang Seng Bank Limited, Industrial and Commercial Bank of China (Asia) Limited and Wing Lung Bank Limited (collectively, as the lenders) and Standard Chartered Bank (Hong Kong) Limited (as the facility agent and security agent) pursuant to which a loan facility of HK\$2,350 million for a period of 36 months from 14 July 2011 ("2011 Club Facility") had been granted under the guarantees of the subsidiaries of the Company.
4. As disclosed in the Company's announcement dated 6 March 2012, the Company (as the borrower) had entered into a facility agreement with Standard Chartered Bank (Hong Kong) Limited (as the lender) pursuant to which a loan facility of HK\$385 million for a period of 18 months from 6 March 2012 ("2012 Standard Chartered Facility") had been granted under the guarantees of the subsidiaries of the Company.
5. As disclosed in the Company's announcement dated 2 May 2012, the Company (as the borrower) had entered into a facility agreement with The Hongkong and Shanghai Banking Corporation Limited (as the lender) pursuant to which a loan facility of US\$50 million for a period of 3 years from 4 May 2012 ("2012 HSBC Facility") had been granted under the guarantees of the subsidiaries of the Company.
6. As disclosed in the Company's announcement dated 13 November 2012, the Company (as the borrower) had entered into a facility agreement with Bank of China Limited, Macau Branch (as the lender) pursuant to which a loan facility of US\$35 million for a period of 12 months from 13 November 2012 ("2012 BOC Macau Facility") had been granted.

In connection with 2010 Club Facility, 2011 HSBC Facility, 2011 Club Facility, 2012 Standard Chartered Facility, 2012 HSBC Facility and 2012 BOC Macau Facility, it will be an event of default if (i) Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam (hereinafter collectively the "Controlling Shareholders") collectively, directly or indirectly, do not own more than 50% of the total issued share capital of the Company (only for 2010 Club Facility, 2011 Club Facility, 2012 Standard Chartered Facility and 2012 BOC Macau Facility)/do not or cease to own at least 50% of the direct or indirect beneficial interests in the Company (only for 2011 HSBC Facility and 2012 HSBC Facility); and/or (ii) the Controlling Shareholders collectively do not or cease to be entitled to exercise management control of the Company; and/or (iii) Mr. Chen Zhuo Lin is not or ceases to be the chairman of the Board, and within 15 business days of him ceasing to act as chairman, he is not replaced by either: (1) Ms. Luk Sin Fong, Fion as chairman of the Board; (2) Mr. Chan Cheuk Yin as chairman of the Board; or (3) Ms. Luk Sin Fong, Fion and Mr. Chan Cheuk Yin as co-chairpersons of the Board (only for 2010 Club Facility, 2011 HSBC Facility, 2011 Club Facility, 2012 Standard Chartered Facility and 2012 HSBC Facility). In case of an occurrence of an event of default, the facility agent may, and shall if so directed by the majority lenders (only for 2010 Club Facility and 2011 Club Facility)/the lender (only for 2011 HSBC Facility, 2012 Standard Chartered Facility, 2012 HSBC Facility and 2012 BOC Macau Facility) may by notice to the Company (a) cancel the commitment (only for 2012 BOC Macau Facility)/the facility; and/or (b) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be immediately due and payable; and/or (c) declare that all or part of the loans be payable on demand by the facility agent on the instructions of the majority lenders (only for 2010 Club Facility and 2011 Club Facility)/payable on demand by the lender (only for 2011 HSBC Facility, 2012 Standard Chartered Facility, 2012 HSBC Facility and 2012 BOC Macau Facility); and/or (d) to exercise or direct the security agent (only for 2010 Club Facility and 2011 Club Facility) to exercise all or any of its rights, remedies, powers or discretions under the finance documents (subject to the terms of the intercreditor agreement).

Report of the Directors

Pre-emptive rights

No provision has been made both in the memorandum of association and articles of association of the Company and under the laws of Cayman Islands in respect of pre-emptive rights, as such, the Company shall offer pro rata new Shares (if any) to the existing Shareholders.

Corporate governance

The principal corporate governance practices adopted by the Company are set out in corporate governance report on pages 82 to 91 of this annual report.

Public float

Based on the information that is publicly available to the Company and to the knowledge of the Directors, they confirm that the Company has maintained at least 25% of the Company's total issued share capital is held by the public for the year ended 31 December 2012 and as at the date of this report.

Audit committee

The audit committee of the Company had reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2012, and reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

Auditors

The consolidated financial statements of the Group for the year ended 31 December 2012 were audited by PricewaterhouseCoopers (the "Auditors"), the auditors of the Company. The tenure of the Auditors will expire at 2013 AGM and they are willing to continue to offer themselves for re-appointment. A resolution for the re-appointment of the Auditors and authorisation to the Board to determine their remuneration will be proposed at 2013 AGM.

Post Balance Sheet Events

On 11 January 2013, the Company completed the issuance of US\$700 million subordinated perpetual capital securities.

As disclosed in the Company's announcement dated 13 January 2013, the Company entered into a subscription agreement ("Subscription Agreement") with The Hongkong and Shanghai Banking Corporation Limited, Morgan Stanley & Co. International plc ("Morgan Stanley"), UBS AG, Hong Kong Branch and ICBC International Securities Limited (collectively the "Joint Lead Managers") dated 11 January 2013 in relation to the issue of subordinated perpetual capital securities, in an aggregate principal amount of US\$700 million. In connection with the issue of the subordinated perpetual capital securities, the Company has engaged Morgan Stanley to act as one of the Joint Lead Managers and joint bookrunners pursuant to the terms of the engagement of the Subscription Agreement ("Engagement"). Morgan Stanley will receive the Engagement consideration for its services as a joint lead manager and a joint bookrunner and the Company will provide the indemnity to Morgan Stanley pursuant to the terms of the Engagement.

Report of the Directors

As Morgan Stanley is an indirect substantial shareholder of Crystal I Limited (“Crystal I”), which in turn holds 30% interest in Crown Golden Investments Limited, Morgan Stanley is therefore an associate of Crystal I and thus a connected person of the Company for the purpose of the Listing Rules. The Engagement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Each of the applicable percentage ratios (other than the profits ratio) under Rule 14A.34 of the Listing Rules in respect of the Engagement consideration, when aggregated with any fees, expenses and other amounts under any transaction to be paid by the Company to or on behalf of Morgan Stanley or its affiliates, is less than 5%. In addition, it is contemplated under the Subscription Agreement that the liability of the Company under the indemnity (if any) and the Engagement consideration, when aggregated with any fees, expenses and other amounts under any transaction to be paid by the Company or on behalf of Morgan Stanley or its affiliates, shall not exceed an amount which would otherwise require the independent shareholders’ approval. As such, the Engagement is only subject to the reporting and announcement requirements set out in Rule 14A.32 of the Listing Rules and are exempted from the independent shareholders’ approval.

The Company however intends to seek the independent shareholders’ approval for the provision of the Indemnity to Morgan Stanley pursuant to the terms of the Engagement in accordance with Chapter 14A of the Listing Rules, notwithstanding that at any time prior to the receipt of the independent shareholders’ approval, the liability of the Company under the indemnity (if any) and the Engagement consideration, when aggregated with any fees, expenses and other amounts under any transaction to be paid by the Company to or on behalf of Morgan Stanley or its affiliates, shall not exceed an amount which would otherwise require the independent shareholders’ approval. The independent shareholders’ approval for the provision of the “uncapped” indemnity by the Company to Morgan Stanley is required under the requirement of Chapter 14A of the Listing Rules given that the amount of indemnity is potentially unlimited. If the independent Shareholders vote down on the relevant resolutions approving the indemnity provided by the Company at the extraordinary general meeting, the indemnity will be limited to the amount which would otherwise require the approval of the independent Shareholders under the Listing Rules as contractually agreed by the parties in the Subscription Agreement. For further details, please refer to the circular of the Company relating to this connected transaction.


On behalf of the Board

Chen Zhuo Lin
Chairman

Hong Kong, 25 March 2013

The background of the page features a light blue sky with soft, white clouds. Overlaid on this background is a pattern of white puzzle pieces, some of which are slightly offset, creating a sense of depth and connection. The puzzle pieces are arranged in a grid-like fashion, though some are missing or shifted, symbolizing financial planning or a complex system.

Financial Section



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Independent Auditor's Report



羅兵咸永道

TO THE SHAREHOLDERS OF AGILE PROPERTY HOLDINGS LIMITED (incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Agile Property Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 108 to 188, 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 judgement, 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.

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Independent Auditor's Report (Continued)

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, 25 March 2013

Consolidated Balance Sheet

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December	
		2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	6	5,223,398	3,573,802
Land use rights	7	2,810,175	2,455,028
Properties under development	14	14,790,727	13,865,049
Intangible assets	8	61,263	19,192
Investment properties	9	5,589,600	5,248,000
Interest in an associate	10	117,738	204,762
Prepayments for acquisition of equity interests	11	102,850	102,850
Deferred income tax assets	24	280,492	173,346
		28,976,243	25,642,029
Current assets			
Properties under development	14	36,264,113	32,291,852
Completed properties held for sale	15	7,935,975	3,637,562
Prepayments for acquisition of land use rights	16	2,949,391	7,993,747
Trade and other receivables	17	5,858,664	4,814,471
Prepaid taxes		63,244	70,719
Restricted cash	18	3,885,630	2,644,128
Cash and cash equivalents	19	5,803,792	4,683,714
		62,760,809	56,136,193
Total assets		91,737,052	81,778,222
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital and premium	20	3,658,542	3,658,542
Other reserves	21	1,190,094	946,992
Retained earnings			
– Proposed final dividend	37	665,211	657,319
– Unappropriated retained earnings		20,099,616	16,411,680
		25,613,463	21,674,533
Non-controlling interests		2,298,344	2,082,310
Total equity		27,911,807	23,756,843

Consolidated Balance Sheet (Continued)

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December	
		2012	2011
LIABILITIES			
Non-current liabilities			
Borrowings	22	19,002,325	12,170,458
Convertible Bonds — debt component	23	2,370,111	2,200,997
Convertible Bonds — embedded financial derivatives	23	660,728	860,497
Deferred income tax liabilities	24	1,753,072	1,549,574
		23,786,236	16,781,526
Current liabilities			
Borrowings	22	6,192,561	7,659,710
Trade and other payables and accruals	25	14,175,071	11,650,073
Advanced proceeds received from customers		9,815,372	13,511,865
Current income tax liabilities	26	9,856,005	8,418,205
		40,039,009	41,239,853
Total liabilities		63,825,245	58,021,379
Total equity and liabilities		91,737,052	81,778,222
Net current assets		22,721,800	14,896,340
Total assets less current liabilities		51,698,043	40,538,369

Chen Zhuo Lin
Director

Luk Sin Fong, Fion
Director

The notes on pages 115 to 188 form an integral part of these consolidated financial statements.

Balance Sheet

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December	
		2012	2011
ASSETS			
Non-current assets			
Investments in subsidiaries	45	448,520	448,520
Current assets			
Amounts due from subsidiaries	17	24,414,028	20,386,130
Other receivables and prepayments	17	3,072	532
Restricted cash	18	1,033,136	440,951
Cash and cash equivalents	19	505,184	75,412
		25,955,420	20,903,025
Total assets		26,403,940	21,351,545
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital and premium	20	3,658,542	3,658,542
Other reserves	21	427,512	427,512
Retained earnings	35		
– Proposed final dividend	37	665,211	657,319
– Unappropriated retained earnings		497,714	356,927
Total equity		5,248,979	5,100,300
LIABILITIES			
Non-current liabilities			
Borrowings	22	11,934,375	8,967,656
Convertible Bonds – debt component	23	2,370,111	2,200,997
Convertible Bonds – embedded financial derivatives	23	660,728	860,497
		14,965,214	12,029,150
Current liabilities			
Borrowings	22	2,829,355	645,798
Amounts due to subsidiaries	25	2,846,697	2,856,975
Other payables and accruals	25	513,695	719,322
		6,189,747	4,222,095
Total liabilities		21,154,961	16,251,245
Total equity and liabilities		26,403,940	21,351,545
Net current assets		19,765,673	16,680,930
Total assets less current liabilities		20,214,193	17,129,450

Chen Zhuo Lin
Director

Luk Sin Fong, Fion
Director

The notes on pages 115 to 188 form an integral part of these consolidated financial statements.

Consolidated Income Statement

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2012	2011
Revenue	5	30,074,048	22,944,566
Cost of sales		(17,631,935)	(10,590,392)
Gross profit		12,442,113	12,354,174
Selling and marketing costs		(980,349)	(835,042)
Administrative expenses		(1,128,939)	(876,565)
Fair value gains on investment properties	9	178,428	96,418
Other income	27	133,004	200,220
Other expenses	28	(212,552)	(105,322)
Exchange gains/(losses), net	29	32,800	(152,867)
Operating profit		10,464,505	10,681,016
Fair value gains on embedded financial derivatives	23	199,769	176,922
Finance (costs)/income, net	33	(46,294)	644,608
Share of post-tax (loss)/profit of an associate	10	(87,024)	120,938
Profit before income tax		10,530,956	11,623,484
Income tax expenses	34	(5,384,305)	(6,389,804)
Profit for the year		5,146,651	5,233,680
Attributable to:			
Shareholders of the Company		5,000,482	4,105,255
Non-controlling interests		146,169	1,128,425
		5,146,651	5,233,680
Earnings per share for profit attributable to the shareholders of the Company during the year (expressed in Renminbi per share)			
— Basic	36	1.450	1.184
— Diluted	36	1.305	1.067

The notes on pages 115 to 188 form an integral part of these consolidated financial statements.

	Note	Year ended 31 December	
		2012	2011
Dividends	37	1,073,600	960,408

Consolidated Statement of Comprehensive Income

(All amounts in RMB thousands unless otherwise stated)

	Year ended 31 December	
	2012	2011
Profit for the year	5,146,651	5,233,680
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income for the year	5,146,651	5,233,680
Total comprehensive income attributable to:		
– Shareholders of the Company	5,000,482	4,105,255
– Non-controlling interests	146,169	1,128,425
	5,146,651	5,233,680

The notes on pages 115 to 188 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

(All amounts in RMB thousands unless otherwise stated)

	Attributable to the shareholders of the Company				Non-controlling interests	Total equity
	Share capital and premium (note 20)	Other reserves (note 21)	Retained earnings	Total		
Balance at 1 January 2011	3,795,047	783,320	14,102,715	18,681,082	1,654,077	20,335,159
Comprehensive income						
Profit for the year	–	–	4,105,255	4,105,255	1,128,425	5,233,680
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	–	–	4,105,255	4,105,255	1,128,425	5,233,680
Total contributions by and distributions to the equity owners of the Group recognised directly in equity:						
Repurchase of shares of the Company	(136,505)	–	–	(136,505)	–	(136,505)
Transfer to statutory reserve and enterprise expansion funds	–	163,672	(163,672)	–	–	–
Dividends (note 37)	–	–	(975,299)	(975,299)	–	(975,299)
Dividends declared to non-controlling interests	–	–	–	–	(700,192)	(700,192)
Total contributions by and distributions to the equity owners of the Group recognised directly in equity	(136,505)	163,672	(1,138,971)	(1,111,804)	(700,192)	(1,811,996)
Balance at 31 December 2011	3,658,542	946,992	17,068,999	21,674,533	2,082,310	23,756,843
Balance at 1 January 2012	3,658,542	946,992	17,068,999	21,674,533	2,082,310	23,756,843
Comprehensive income						
Profit for the year	–	–	5,000,482	5,000,482	146,169	5,146,651
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	–	–	5,000,482	5,000,482	146,169	5,146,651
Total contributions by and distributions to the equity owners of the Group recognised directly in equity:						
Capital injection by non-controlling interests	–	–	–	–	240,196	240,196
Transfer to statutory reserve and enterprise expansion funds	–	243,102	(243,102)	–	–	–
Dividends (note 37)	–	–	(1,061,552)	(1,061,552)	–	(1,061,552)
Dividends declared to non-controlling interests	–	–	–	–	(170,331)	(170,331)
Total contributions by and distributions to the equity owners of the Group recognised directly in equity	–	243,102	(1,304,654)	(1,061,552)	69,865	(991,687)
Balance at 31 December 2012	3,658,542	1,190,094	20,764,827	25,613,463	2,298,344	27,911,807

The notes on pages 115 to 188 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2012	2011
Cash flows from operating activities			
Cash generated from operations	38	6,300,518	1,195,482
Interest paid		(2,105,364)	(1,409,610)
PRC enterprise income tax paid		(1,674,885)	(1,928,264)
PRC land appreciation tax paid		(2,167,793)	(1,368,259)
Net cash generated from/(used in) operating activities		352,476	(3,510,651)
Cash flows from investing activities			
Payments of construction cost of investment properties		(163,172)	(153,682)
Prepayment of land use rights for development of own used properties		–	(16,838)
Prepayment for acquisitions of equity interests		–	(92,849)
Purchase of property, plant and equipment		(1,812,032)	(1,154,766)
Purchase of intangible assets		(56,716)	(10,505)
Proceed from disposal of property, plant and equipment		8,626	–
Net cash flows from a jointly development project		–	430,438
Cash advances made to related parties		(243,961)	–
Interest received		75,960	122,442
Net cash used in investing activities		(2,191,295)	(875,760)
Cash flows from financing activities			
Repurchase of shares of the Company		–	(136,505)
Net proceeds from issuance of Convertible Bonds		–	3,199,875
Proceeds from issuance of senior notes	22(a)	4,406,841	–
Senior notes issuance cost		(81,945)	–
Proceeds from bank and other borrowings		8,484,379	8,555,396
Repayments of bank borrowings		(8,527,736)	(7,199,769)
Cash advances from related parties		5,000	142,275
Repayments of cash advances to related parties		(368,755)	(10,826)
Capital injection by non-controlling interests		240,196	–
Dividends paid to shareholders of the Company		(1,061,552)	(1,108,925)
Dividends paid to non-controlling interests		(170,331)	(700,192)
Net cash generated from financing activities		2,926,097	2,741,329
Increase/(decrease) in cash and cash equivalents		1,087,278	(1,645,082)
Net cash and cash equivalents at beginning of the year		4,683,714	6,481,663
Exchange gains/(losses) on cash and cash equivalents		32,800	(152,867)
Cash and cash equivalents at end of the year	19	5,803,792	4,683,714

The notes on pages 115 to 188 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

1 General information

Agile Property Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 14 July 2005 and is principally engaged in investment holding. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (the “Group”) are principally engaged in property development in the People’s Republic of China (the “PRC”).

The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 15 December 2005.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 25 March 2013.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments at fair value through profit or loss and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(a) Amendments to existing standards adopted by the Group

- 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 principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

This amendment currently has no significant impact on the Group’s financial statements, as the investment properties of the Group are with a business model to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. For these investment properties, the presumption is rebutted and related deferred tax is not remeasured.

- HKFRS 7 (Amendment), “Disclosures — Transfers of financial assets” is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve 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 amendment has no significant impact on the Group’s financial statements.
- HKFRS 1 (Amendment), “Severe hyperinflation and removal of fixed dates for first-time adopters” is effective for annual periods beginning on or after 1 July 2011. These amendments include two changes to HKFRS 1, “First-time adoption of HKFRS”. The first replaces references to a fixed date of 1 January 2004 with “the date of transition to HKFRS”, thus eliminating the need for entities adopting HKFRS for the first time to restate derecognition transactions that occurred before the date of transition to HKFRS. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with HKFRS after a period when the entity was unable to comply with HKFRS because its functional currency was subject to severe hyperinflation. These amendments are not currently relevant to the Group, as the Group is not the first-time adopters of HKFRS.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) New and amended standards and interpretations issued but are not effective for financial year commencing on 1 January 2012 and have not been early adopted by the Group

		Effective for annual periods beginning on or after
HKFRS 1 (Amendment)	First time adoption: on government loans	1 January 2013
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosures of interests in other entities	1 January 2013
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Transition guidance in HKFRS 10,11 and 12	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (Revised 2011)	Associate and joint ventures	1 January 2013
HKAS 32 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1 January 2014
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine	1 January 2013
HKFRS (Amendments)	Annual Improvements 2009–2011 Cycle	1 January 2013

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted in.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

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. 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 and 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.

(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. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

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 re-measured, 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.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

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

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

(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, which may result in that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) *Joint ventures*

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of income and expenses, assets and liabilities and cash flows of the joint venture on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that results from the Group's purchase of assets from the joint venture until it re-sells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

2.2.2 Separate financial statements

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Interests 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 interests in associates include 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 the profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of its associates' 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 the impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement.

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 consolidated income statement.

2.4 Segment reporting

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(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 remeasured. 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 consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and Convertible Bonds denominated in foreign currencies are presented in the consolidated income statement within “finance income/ costs, net”. All other foreign exchange gains and losses are presented in the consolidated income statement within “exchange gains/losses, net”.

(c) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment

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

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

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

Buildings	20 years
Office equipment	5–8 years
Transportation equipment	5–10 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 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised with "other income" and "other expenses" in the consolidated income statement.

2.7 Construction in progress

Construction in progress represents property under construction and is stated at cost less accumulated impairment loss, if any. Cost includes the costs of construction of buildings and interest charges arising from borrowings used to finance these assets during the period of construction, if any. No provision for depreciation is made on construction in progress until such times as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.8 Intangible assets

(a) 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 (2 to 10 years).

(b) Construction licence

Construction licence is acquired and is recognised at historical cost. Construction licence has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of construction licence over their estimated useful life of 3 years.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Investment property

Investment property, principally comprising land use rights 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 property 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 property is 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. Changes in fair values are recognised as "fair value gains on investment properties" in the consolidated income statement.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.11 Financial assets

2.11.1 Classification

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for 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 "cash and cash equivalents" in the consolidated balance sheet (notes 2.15 and 2.16).

2.11.2 Recognition and measurement

Regular 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. Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method. 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.

2.12 Offsetting financial instruments

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.13 Impairment of financial assets carried at amortised cost

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

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

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 carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.14 Properties under development and held for sale

Properties under development and held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development and held for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.15 Trade and other receivables

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

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

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.17 Share capital

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

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

2.18 Trade and other payables

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

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

2.19 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.20 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 the consolidated income statement in the period in which they are incurred.

2.21 Convertible Bonds

The Company issued United States dollars (“US\$”) denominated Convertible Bonds (the “Convertible Bonds”) which can be converted into ordinary shares of the Company and redeemed under certain circumstances.

If the conversion of the Convertible Bonds will not result in delivering a fixed number of the Company’s own equity instruments in exchange for a fixed amount of cash or another financial asset, the Convertible Bonds contract will be separated into two component elements: a financial derivative component consisting of the embedded options and a debt component consisting of the straight debt element of the Convertible Bonds.

On the issue of the Convertible Bonds, the fair value of the financial derivatives component is calculated using a valuation technique. The financial derivative component is carried at fair value on the consolidated balance sheet with any subsequent changes in fair value being charged or credited to the consolidated income statement in the period when the change occurs. The remainder of the proceeds is allocated to debt component of the Convertible Bonds, net of transaction costs, and is recorded as a liability. The debt component is subsequently carried at amortised cost until extinguished on conversion or redemption.

Interest expense is calculated using the effective interest method by applying the effective interest rate to the debt component through the maturity date.

If the Convertible Bonds are converted, the carrying amounts of the corresponding financial derivative and debt components are transferred to share capital and share premium as consideration for the shares issued. If the Convertible Bonds are redeemed, any difference between the amount paid and the carrying amounts of the corresponding financial derivative and debt components is recognised in consolidated income statement.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.21 Convertible Bonds (Continued)

An exchange between the Company and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in consolidated income statement.

If the exchange or modification is not constituted as an extinguishment, any costs or fees incurred shall be accounted for as adjustments to the carrying amount of the liability and being amortised over the remaining term of the modified liability.

2.22 Current and deferred income tax

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

(b) Deferred income tax

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 consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates 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.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.22 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, except for deferred income tax liability 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.

2.23 Employee benefits

(i) 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 as a result of services rendered by employees up to the balance sheet date.

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

(ii) Pension obligations

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 governments.

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

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.23 Employee benefits (Continued)

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.24 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.

2.25 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Revenue is shown net of discount and after eliminating revenue made between the group companies.

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 returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of properties

Revenue from sales of properties is recognised when a group entity has delivered the relevant properties to the purchaser and collectability of related consideration is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheets under current liabilities.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.25 Revenue recognition (Continued)

(ii) Property management

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

(iii) Hotel operations

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

(iv) Interest income

Interest income is recognised on a time-proportion basis 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 cashflow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivable is recognised using the original effective interest rate.

(v) Rental income

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

(vi) Dividend income

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

2.26 Leases

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

(i) The Group is the lessee other than operating lease of land use rights

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

(ii) The Group is the lessee under operating lease of land use rights

Land use rights under operating lease, which mainly comprise land use rights to be developed for hotel properties and own used buildings, are stated at cost and subsequently amortised in the consolidated income statement on a straight-line basis over the operating lease periods.

(iii) The Group is the lessor

Assets leased out under operating leases are included in investment property in the consolidated balance sheet.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.27 Dividend distribution

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

2.28 Insurance contracts

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

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

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

3 Financial risk management

3.1 Financial risk factor

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC. The Group finances its operations from shareholders' fund, sales of properties, issuance of senior notes, Convertible Bonds, bank and other borrowings. The Group has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factor (Continued)

(i) Currency risk

The Group's businesses are principally conducted in RMB, except that certain receipts of proceeds from sales of properties, fees of property management services, senior notes, Convertible Bonds, bank borrowings and syndicated loans are in other currencies. As at 31 December 2012, major non-RMB assets and liabilities are cash and cash equivalents, senior notes, Convertible Bonds, bank borrowings and syndicated loans dominated in either HK dollar ("HK\$") or US dollar ("US\$"). Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. Given the general expectations about the strengthening of RMB, the Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk during the year ended 31 December 2012.

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

	Group		Company	
	2012	2011	2012	2011
Monetary assets				
— HK\$	490,856	462,286	196,111	73,801
— US\$	636,763	442,525	634,840	442,467
	1,127,619	904,811	830,951	516,268
Monetary liabilities				
— HK\$	3,478,623	3,166,060	3,478,623	3,166,060
— US\$	13,835,663	8,780,218	13,835,663	8,780,218
	17,314,286	11,946,278	17,314,286	11,946,278

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factor (Continued)

(i) Currency risk (Continued)

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

	Group		Company	
	2012	2011	2012	2011
HK\$				
— Increase/decrease in profit for the year	152,715	135,189	164,126	154,613
US\$				
— Increase/decrease in profit for the year	659,944	416,885	660,041	416,888

(ii) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings. Senior notes, other borrowings and Convertible Bonds at fixed rate expose the Group to fair value interest rate risk. Borrowings at variable rates expose the Group to cash flow 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.

As at 31 December 2012 and 2011, if interest rates on borrowings had been 100 basis points higher or lower with all other variables held constant, interest charges for the years ended 31 December 2012 and 2011 would increase or decrease by RMB132,661,000 and RMB113,907,000 respectively, mainly as a result of higher or lower interest expense on floating rate borrowings.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factor (Continued)

(iii) Credit risk

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

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

To manage this risk, deposits are mainly placed with licensing banks which are all high-credit-quality financial institutions.

For the trade receivables arising from sales of properties, the Group managed the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loans financing procedures before delivery of properties unless strong credit records of the customers could be established. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding amount under the loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the customer's deposit and re-sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Detailed disclosure of these guarantees is made in note 39.

No significant credit limits were exceeded during the reporting period, and management does not expect any significant losses from non-performance by these counterparties.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factor (Continued)

(iv) Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities and short-term and long-term loans to meet its construction 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 on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing. The Group will pursue such options basing on its assessment of relevant future costs and benefits.

The table below depicts the Group's financial liabilities maturity profile at the balance sheet date. The amounts disclosed thereon are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the balance sheets, as the impact of discount should not be significant.

Group

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2012					
Bank borrowings	5,135,641	2,579,132	2,443,843	895,914	11,054,530
Convertible Bonds	125,710	125,710	3,312,109	–	3,563,529
Senior notes	985,645	985,645	12,552,509	–	14,523,799
Syndicated loans	1,759,934	1,209,938	600,787	323,520	3,894,179
Other borrowings	437,721	1,806,508	–	–	2,244,229
Trade and other payables and accruals	13,854,474	–	–	–	13,854,474
At 31 December 2011					
Bank borrowings	4,774,908	1,544,483	1,334,573	516,469	8,170,433
Convertible Bonds	126,018	126,018	3,443,442	–	3,695,478
Senior notes	552,510	552,510	3,449,629	4,129,246	8,683,895
Syndicated loans	831,042	1,762,129	1,539,653	684,310	4,817,134
Other borrowings	2,725,122	–	–	–	2,725,122
Trade and other payables and accruals	11,339,906	–	–	–	11,339,906

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factor (Continued)

(iv) Liquidity risk (Continued)

Company

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2012					
Bank borrowings	1,385,282	554,000	223,286	–	2,162,568
Convertible Bonds	125,710	125,710	3,312,109	–	3,563,529
Senior notes	985,645	985,645	12,552,509	–	14,523,799
Syndicated loans	1,586,113	1,043,914	–	–	2,630,027
Other payables and accruals	3,360,392	–	–	–	3,360,392
At 31 December 2011					
Bank borrowings	26,063	214,971	445,768	–	686,802
Convertible Bonds	126,018	126,018	3,443,442	–	3,695,478
Senior notes	552,510	552,510	3,449,629	4,129,246	8,683,895
Syndicated loans	763,979	1,595,249	1,038,830	–	3,398,058
Other payables and accruals	3,576,297	–	–	–	3,576,297

3.2 Capital risk management

The Group's objectives of capital management are to ensure that the Group continues to operate as a going concern. Besides, the Group is able to provide returns for shareholders and benefits for other stakeholders. Accordingly, the Group has maintained an optimal capital structure in order to reduce any unnecessary cost of capital.

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

The Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents and restricted cash.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.2 Capital risk management (Continued)

	2012	2011
Total borrowings including debt component of Convertible Bonds (note 22 and note 23)	27,564,997	22,031,165
Less: Cash and cash equivalents (note 19)	(5,803,792)	(4,683,714)
Restricted cash (note 18)	(3,885,630)	(2,644,128)
Net borrowings	17,875,575	14,703,323
Total equity	27,911,807	23,756,843
Gearing ratio	64.0%	61.9%

The increase in the gearing ratio during 2012 resulted primarily from the issuance of 2012 Senior Notes.

3.3 Fair value estimation

The different levels of valuation method 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).

Embedded financial derivatives of RMB660,728,000 are carried at fair value, which is categorised under level 3. Specific valuation technique used includes binomial model. Detailed disclosure of this valuation is made in note 23.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

4 Critical accounting estimates and judgements

Estimates and judgements 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 discussed below.

(a) Current and deferred income tax

The Group is subject to income taxes in the PRC. Significant judgement 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 when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(b) 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 sales of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in property development business in the PRC are subject to land appreciation taxes, which have been included in the income tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its land appreciation tax returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. 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 of land appreciation taxes in the period in which such determination is made.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

4 Critical accounting estimates and judgements (Continued)

(c) Provisions for impairment of properties under development and completed properties held for sale

For the purpose of assessing provision for impairment, properties under development and completed properties held for sale are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of the carrying amounts of land use rights, properties under development and completed properties held for sale was assessed according to their recoverable amount based on HKAS 36, taking into account for costs to completion based on past experience and net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The assessment requires the use of judgement and estimates.

As at 31 December 2012, no impairment was provided for properties under development or completed properties held for sale.

(d) Estimated fair value of investment properties

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. 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 lease or other contracts), adjusted to reflect those differences, by reference to independent valuations; and
- (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, by reference to independent valuations.

In the case of investment properties under development, their fair value reflects the expectations of market participants of the value of the properties when they are completed, less deductions for the costs required to complete the projects and appropriate adjustments for profit and risk. The valuation and all key assumptions used in the valuation should reflect market conditions at the balance sheet date. The key assumptions include value of completed properties, period of development, outstanding construction costs, other professional costs, risk associated with completing the projects and generating income after completion and investors' return as a percentage of value or cost. The fair value is made by reference to independent valuation.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information

The executive directors of the Company, which are the chief operating decision-maker of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decision.

The Group is organised into four business segments: property development, property management, hotel operations and property investment. The associate and joint ventures of the Group are principally engaged in property development and are included in the property development segment. As the executive directors of the Company consider most of the Group's consolidated revenue and results are attributable to the market in the PRC and less than 10% of the Group's consolidated assets are located outside the PRC, geographical segment information is not considered necessary.

The executive directors of the Company assess the performance of the operating segments based on a measure of segment results. Interest income and finance costs are not included in the result of each operating segment.

Analysis of revenue by the Group's business segments for the years ended 31 December 2012 and 2011 is as follows:

	2012	2011
Revenue:		
– Property development	29,328,067	22,466,034
– Property management	418,233	338,698
– Hotel operations	302,121	121,671
– Property investment	25,627	18,163
	30,074,048	22,944,566

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

Segment results and capital expenditure for the years ended 31 December 2012 and 2011 are as follows:

Year ended 31 December 2012

	Property development	Property management	Hotel operations	Property investment	Elimination	Group
Gross segment sales	29,328,067	583,637	302,121	25,627	–	30,239,452
Inter-segment sales	–	(165,404)	–	–	–	(165,404)
Sales to external customers	29,328,067	418,233	302,121	25,627	–	30,074,048
Segment results	10,434,452	(14,351)	(144,833)	189,237	–	10,464,505
Fair value gains on embedded financial derivatives (note 23)						199,769
Finance costs, net (note 33)						(46,294)
Share of post-tax loss of an associate (note 10)	(87,024)	–	–	–	–	(87,024)
Profit before income tax						10,530,956
Income tax expenses (note 34)						(5,384,305)
Profit for the year						5,146,651
Segment assets	78,984,643	425,029	6,727,104	5,589,600	(333,060)	91,393,316
Unallocated assets						343,736
Total assets						91,737,052
Segment liabilities	19,711,643	480,925	3,568,614	562,321	(333,060)	23,990,443
Unallocated liabilities						39,834,802
Total liabilities						63,825,245
Segment assets include:						
Interest in an associate	117,738	–	–	–	–	117,738
Capital expenditure	630,206	4,491	962,710	163,172	–	1,760,579
Depreciation	57,383	4,748	102,827	–	–	164,958
Amortisation of land use rights and intangible assets	59,422	107	50,992	–	–	110,521
Fair value gains on investment properties (note 9)	–	–	–	178,428	–	178,428

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

Segment assets and liabilities are reconciled to total assets and liabilities as follows:

	Assets	Liabilities
Segment assets/liabilities	91,393,316	23,990,443
Unallocated:		
Deferred income taxes	280,492	1,753,072
Prepaid taxes	63,244	–
Current income tax liabilities	–	9,856,005
Current borrowings	–	6,192,561
Non-current borrowings	–	19,002,325
Convertible Bonds — debt component	–	2,370,111
Convertible Bonds — embedded financial derivatives	–	660,728
Total	91,737,052	63,825,245

Year ended 31 December 2011

	Property development	Property management	Hotel operations	Property investment	Elimination	Group
Gross segment sales	22,466,034	458,216	121,671	18,163	–	23,064,084
Inter-segment sales	–	(119,518)	–	–	–	(119,518)
Sales to external customers	22,466,034	338,698	121,671	18,163	–	22,944,566
Segment results	10,721,076	(24,519)	(115,592)	100,051	–	10,681,016
Fair value gains on embedded financial derivatives (note 23)						176,922
Finance income, net (note 33)						644,608
Share of post-tax profit of an associate (note 10)	120,938	–	–	–	–	120,938
Profit before income tax						11,623,484
Income tax expenses (note 34)						(6,389,804)
Profit for the year						5,233,680
Segment assets	71,363,323	301,435	4,943,360	5,248,000	(321,961)	81,534,157
Unallocated assets						244,065
Total assets						81,778,222
Segment liabilities	21,064,578	344,558	3,521,579	553,184	(321,961)	25,161,938
Unallocated liabilities						32,859,441
Total liabilities						58,021,379
Segment assets include:						
Interest in an associate	204,762	–	–	–	–	204,762
Capital expenditure	762,643	5,068	881,710	153,683	–	1,803,104
Depreciation	50,473	4,639	13,181	–	–	68,293
Amortisation of land use rights and intangible assets	43,297	43	34,249	–	–	77,589
Fair value gains on investment properties (note 9)	–	–	–	96,418	–	96,418

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

Segment assets and liabilities are reconciled to total assets and liabilities as follows:

	Assets	Liabilities
Segment assets/liabilities	81,534,157	25,161,938
Unallocated:		
Deferred income taxes	173,346	1,549,574
Prepaid taxes	70,719	–
Current income tax liabilities	–	8,418,205
Current borrowings	–	7,659,710
Non-current borrowings	–	12,170,458
Convertible Bonds – debt component	–	2,200,997
Convertible Bonds – embedded financial derivatives	–	860,497
Total	81,778,222	58,021,379

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Eliminations comprise inter-segment trade and non-trade balances.

Pricing policy for inter-segment transactions is determined by reference to market price.

Segment assets consist primarily of property, plant and equipment, land use rights, properties under development, completed properties held for sale, investment properties, receivables and cash balances. Unallocated assets comprise deferred tax assets and prepaid taxes. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation and borrowings.

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

6 Property, plant and equipment – Group

	Buildings	Transportation equipment	Office equipment	Machinery	Construction in progress	Total
At 1 January 2011						
Cost	337,718	145,536	64,403	35,824	1,852,696	2,436,177
Accumulated depreciation	(37,961)	(88,686)	(34,663)	(21,632)	–	(182,942)
Net book amount	299,757	56,850	29,740	14,192	1,852,696	2,253,235
Year ended 31 December 2011						
Opening net book amount	299,757	56,850	29,740	14,192	1,852,696	2,253,235
Additions	343,190	33,185	26,633	63,227	926,704	1,392,939
Transfer of completed construction projects	1,564,376	–	–	–	(1,564,376)	–
Disposals	(202)	(1,816)	(143)	(1,918)	–	(4,079)
Depreciation	(30,009)	(19,029)	(10,620)	(8,635)	–	(68,293)
Closing net book amount	2,177,112	69,190	45,610	66,866	1,215,024	3,573,802
At 31 December 2011						
Cost	2,245,014	172,022	87,448	98,863	1,215,024	3,818,371
Accumulated depreciation	(67,902)	(102,832)	(41,838)	(31,997)	–	(244,569)
Net book amount	2,177,112	69,190	45,610	66,866	1,215,024	3,573,802
Year ended 31 December 2012						
Opening net book amount	2,177,112	69,190	45,610	66,866	1,215,024	3,573,802
Additions	18,642	19,296	15,654	24,630	1,462,469	1,540,691
Transfer from properties under development	–	–	–	–	282,489	282,489
Transfer of completed construction projects	957,392	–	–	–	(957,392)	–
Disposals	–	(7,923)	(542)	(161)	–	(8,626)
Depreciation	(110,951)	(21,053)	(18,764)	(14,190)	–	(164,958)
Closing net book amount	3,042,195	59,510	41,958	77,145	2,002,590	5,223,398
At 31 December 2012						
Cost	3,221,048	163,941	100,108	122,882	2,002,590	5,610,569
Accumulated depreciation	(178,853)	(104,431)	(58,150)	(45,737)	–	(387,171)
Net book amount	3,042,195	59,510	41,958	77,145	2,002,590	5,223,398

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

6 Property, plant and equipment – Group (Continued)

Depreciation expenses were charged to the following categories in the consolidated income statement:

	2012	2011
Cost of sales	92,205	24,832
Selling and marketing costs	9,522	3,423
Administrative expenses	63,231	40,038
	164,958	68,293

Notes:

- As at 31 December 2012, property, plant and equipment of RMB38,937,000 (2011: RMB92,949,000) were pledged as collateral for the Group's borrowings (note 22(d)).
- During the year, the Group has capitalised borrowing costs amounting to RMB99,823,000 (2011: RMB73,769,000) on property, plant and equipment. Borrowing costs were capitalised at the weighted average rate of general borrowings of the Group of 8.70% (2011: 7.26%).
- Buildings mainly represent the office buildings and hotel buildings. Constructions in progress mainly represent construction costs and other costs incurred for the construction of hotels.

7 Land use rights – Group

	2012	2011
Opening net book amount	2,455,028	2,283,309
Transfer from properties under development (note (b))	451,023	245,978
Amortisation		
– Capitalised in construction in progress	(11,148)	(34,187)
– Recognised as cost of sales (note 30)	(39,384)	–
– Recognised as expenses (note 30)	(45,344)	(40,072)
Closing net book amount	2,810,175	2,455,028

Notes:

- Land use rights comprise cost of acquiring usage rights of certain land, which are located in the PRC, held on leases of over 50 years, and mainly for hotel properties or own used buildings over fixed periods.
- In 2012, certain land use rights included in properties under development were reclassified to land use rights of hotel and own used buildings as result of change in development plan.
- As at 31 December 2012, land use rights of RMB1,529,676,000 (2011: RMB1,571,944,000) were pledged as collateral for the Group's borrowings (note 22(d)).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

8 Intangible assets – Group

Intangible assets mainly comprise acquired construction licence and computer software licences:

	Construction licence	2012 Computer software	Total	2011 Total
Opening net book amount	–	19,192	19,192	12,017
Additions	27,274	29,442	56,716	10,505
Amortisation (note 30)	(9,091)	(5,554)	(14,645)	(3,330)
Closing net book amount	18,183	43,080	61,263	19,192
Cost	27,274	61,311	88,585	31,869
Accumulated amortisation	(9,091)	(18,231)	(27,322)	(12,677)
Net book amount	18,183	43,080	61,263	19,192

Amortisation of RMB14,645,000 (2011: RMB3,330,000) is included in the “administrative expenses” of the consolidated income statement.

9 Investment properties – Group

	Under construction	Completed	Total
Year ended 31 December 2011			
As at 1 January 2011	3,444,119	1,553,781	4,997,900
Additions	153,682	–	153,682
Fair value gains on investment properties	38,599	57,819	96,418
As at 31 December 2011	3,636,400	1,611,600	5,248,000
Year ended 31 December 2012			
As at 1 January 2012	3,636,400	1,611,600	5,248,000
Additions	163,172	–	163,172
Completed during the year	(2,518,547)	2,518,547	–
Fair value gains on investment properties	33,227	145,201	178,428
As at 31 December 2012	1,314,252	4,275,348	5,589,600

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

9 Investment properties – Group (Continued)

Notes:

- (a) The investment properties are located in the PRC and are held on lease of between 30 to 70 years.
- (b) Amounts recognised in the consolidated income statement for investment properties.

	2012	2011
Rental income	25,627	18,163
Direct operating expenses of investment properties that generate rental income	(8,197)	(13,222)
Direct operating expenses of investment properties that did not generate rental income	(6,621)	(1,308)
	10,809	3,633

(c) **Valuation basis**

The fair values of the Group's investment properties as at 31 December 2012 were assessed by Vigers Appraisal & Consulting Limited, an independent qualified valuer. Valuations were based on either: (i) direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market; or (ii) residual method of valuation which is common in valuing development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees and interest payments to be incurred as well as developer's profits; or (iii) capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary income potential of the properties, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. The resultant figures are adjusted back to present values to reflect the existing state of the properties on 31 December 2012.

(d) **Investment properties pledged as security**

As at 31 December 2012, investment properties of RMB2,557,844,000 (2011: RMB3,262,846,000) were pledged as collateral for the Group's bank borrowings (note 22(d)).

(e) **Leasing arrangements**

Certain 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 disclosed 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.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

10 Interest in an associate – Group

Amounts represent share of net assets in Guangzhou Li He Property Development Company Limited (廣州利合房地產開發有限公司) (“Li He”), of which the Group and other four PRC real estate developers (the “Five Shareholders”) evenly hold its 20% equity interests. Li He is principally engaged in development of a real estate project in Guangzhou.

The movement of the interest in an associate during the year is:

	2012	2011
Balance as at 1 January	204,762	–
Addition	–	83,824
Share of post-tax (loss)/profit of an associate	(87,024)	120,938
Balance as at 31 December	117,738	204,762
Amounts due from an associate (note 42(c))	1,139,716	1,139,716

The Group’s share of the aggregated assets, liabilities, revenue and results of its associate are as follows:

	2012	2011
Assets	4,454,256	4,632,830
Liabilities	4,336,518	4,428,068
Revenue	291,056	1,289,614
Post-tax (loss)/profit	(87,024)	120,938

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

11 Prepayments for acquisition of equity interests

Amount represents the prepayment for acquisition of 2.5% equity interests in a real estate project in the PRC.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

12 Interest in jointly controlled entities

Particulars of the jointly controlled entities of the Group are set out as follows:

	Particulars of issued shares held	Country of incorporation	% interest held at 31 December 2012 Indirect
Tianjin He An Investment Company Limited ("He An")	RMB10,000,000	PRC	25%
Tianjin Jinnan Xincheng Real Estate Development Company Limited ("Tianjin Jinnan")	RMB3,667,300,000	PRC	25%
Zhongshan Yahong Real Estate Development Co., Ltd. ("Zhongshan Yahong")	RMB10,000,000	PRC	50%

- (1) In August 2010, the Group and three PRC real estate developers (collectively refer to as the "JV Parties") has entered into agreements to jointly develop a real estate project in Tianjin, and accordingly established He An (an intermediate investment holding company) and Tianjin Jinnan (the project development company). Each of JV Parties evenly held 25% equity interest in the project. As at 31 December 2012, the Group has contributed capital of RMB916,825,000 to Tianjin Jinnan (2011: RMB916,825,000).

The following amounts represent the Group's share of the assets, liabilities and results of the project. They are included in the consolidated balance sheet and consolidated income statement:

	As at 31 December	
	2012	2011
ASSETS		
Non-current assets		
Property, plant and equipment	669	787
Deferred income tax assets	11,928	11,278
	12,597	12,065
Current assets		
Properties under development	2,080,540	1,993,135
Trade and other receivables	6,086	1,458
Prepaid taxes	6,185	1,832
Cash and cash equivalents	53,519	101,123
	2,146,330	2,097,548
Total assets	2,158,927	2,109,613
Non-current liabilities		
Borrowings	550,000	–
Current liabilities		
Borrowings	132,668	1,051,450
Trade and other payables and accruals	534,743	114,697
Total liabilities	1,217,411	1,166,147
Net assets	941,516	943,466
Net current assets	1,478,919	931,401
Total assets less current liabilities	1,491,516	943,466

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

12 Interest in jointly controlled entities (Continued)

(1) (Continued)

	Year ended 31 December	
	2012	2011
Revenue	182,297	–
Cost of sales	(175,704)	–
Gross profit	6,593	–
Selling and marketing expenses	(5,830)	–
Administrative expenses	(4,310)	(10,366)
Finance income, net	947	671
Loss before income tax	(2,600)	(9,695)
Income tax credit	650	2,425
Loss for the year	(1,950)	(7,270)
Proportionate interest in jointly controlled entities' commitments	211,633	38,323
Proportionate liabilities in jointly controlled entities' contingency	–	–

(2) Pursuant to the share transfer agreement entered into in December 2012, the Group disposed of 50% equity interest in a subsidiary, Zhongshan Yahong Real Estate Development Co., Ltd. (“Zhongshan Yahong”) to an independent third party (the “Yahong JV Party”) at consideration of RMB5,000,000. After the disposal, the Group and the Yahong JV Party evenly held 50% equity interest in Zhongshan Yahong and Zhongshan Yahong became a jointly controlled entity of the Group. The gain arising from the disposal of Zhongshan Yahong amounted to RMB3,358,000 (note 27). The Group de-consolidated 50% of Zhongshan Yahong from 27 December 2012, the completion date of the disposal.

The following amounts represent the Group's share of the assets and liabilities of the project. They are included in the consolidated balance sheet:

	As at 31 December 2012
ASSETS	
Non-current assets	
Property, plant and equipment	49
Current assets	
Properties under development	408,358
Trade and other receivables	105
Cash and cash equivalents	7,221
	415,684
Total assets	415,733
Current liabilities	
Trade and other payables and accruals	414,091
Total liabilities	414,091
Net assets	1,642
Net current assets	1,593
Total assets less current liabilities	1,642
Proportionate interest in jointly controlled entities' commitments	43,238
Proportionate liabilities in jointly controlled entities' contingency	–

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

13 Financial instruments by category

(a) Group

Assets as per consolidated balance sheet

	As at 31 December	
	2012	2011
Loans and receivables		
Trade and other receivables from third parties and related parties, excluding prepaid business taxes and other taxes and prepayments	5,354,195	4,245,184
Restricted cash	3,885,630	2,644,128
Cash and cash equivalents	5,803,792	4,683,714
Total	15,043,617	11,573,026

Liabilities as per consolidated balance sheet

	As at 31 December	
	2012	2011
Financial liabilities at fair value through profit or loss		
Convertible Bonds — embedded financial derivatives	660,728	860,497
Other financial liabilities		
Borrowings	25,194,886	19,830,168
Convertible Bonds — debt component	2,370,111	2,200,997
Trade and other payables and accruals, excluding staff welfare benefit payable and other taxes payable	13,854,474	11,339,906
Total	41,419,471	33,371,071

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

13 Financial instruments by category (Continued)

(b) Company

Assets as per balance sheet

	As at 31 December	
	2012	2011
Loans and receivables		
Receivables from subsidiaries and third parties	24,416,603	20,386,662
Restricted cash	1,033,136	440,951
Cash and cash equivalents	505,184	75,412
Total	25,954,923	20,903,025

Liabilities as per balance sheet

	As at 31 December	
	2012	2011
Financial liabilities at fair value through profit or loss		
Convertible Bonds — embedded financial derivatives	660,728	860,497
Other financial liabilities		
Borrowings	14,763,730	9,613,454
Convertible Bonds — debt component	2,370,111	2,200,997
Amounts due to subsidiaries	2,846,697	2,856,975
Other payables and accruals	513,695	719,322
	20,494,233	15,390,748
Total	21,154,961	16,251,245

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

14 Properties under development – Group

	2012	2011
Properties under development expected to be completed:		
– Within an operating cycle included under current assets	36,264,113	32,291,852
– Beyond an operating cycle included under non-current assets	14,790,727	13,865,049
	51,054,840	46,156,901
Properties under development comprise:		
– Construction costs and capitalised expenditures	16,771,579	15,517,378
– Capitalised interests	2,658,615	2,078,474
– Land use rights	31,624,646	28,561,049
	51,054,840	46,156,901

All properties under development are located in the PRC. The relevant land use rights are on leases of 40 to 70 years.

The capitalisation rate of borrowings is 8.70% for the year ended 31 December 2012 (2011: 7.26%).

As at 31 December 2012, land use rights included in the properties under developments with net book value of RMB10,605,184,000 (2011: RMB6,828,212,000) were pledged as collateral for the Group's borrowings (note 22(d) and note 22(f)).

15 Completed properties held for sale – Group

All completed properties held for sale are located in the PRC. The relevant land use rights are on leases of 40 to 70 years.

As at 31 December 2012, completed properties held for sale of approximately RMB201,312,000 (2011: RMB24,254,000) were pledged as collateral for the Group's bank borrowings (note 22(d)).

16 Prepayments for acquisition of land use rights – Group

Amounts represent up-front payments for acquiring land use rights for property development. The amounts will be transferred to properties under development in the balance sheet when the Group obtains contractual usage rights of the land.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

17 Trade and other receivables

	Group		Company	
	2012	2011	2012	2011
Trade receivables (note (a))	1,936,191	1,444,652	–	–
Other receivables due from:				
– Subsidiaries (note (b))	–	–	24,414,028	20,386,130
– An associate (note 42(c))	1,139,716	1,139,716	–	–
– Jointly controlled entities (note 42(c))	243,961	–	–	–
– Third parties	1,659,007	1,200,816	2,575	532
Prepaid business taxes and other taxes	305,644	536,588	–	–
Deposits for acquisition of land use rights	375,320	460,000	–	–
Prepayments	198,825	32,699	497	–
	5,858,664	4,814,471	24,417,100	20,386,662

As at 31 December 2012, the fair value of trade and other receivables approximated their carrying amounts. All the balances were fully performing except the balances which were past due but not impaired as described below.

Notes:

- (a) Trade receivables mainly arose from sales of properties. Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. As at 31 December 2012 and 2011, the ageing analysis of the trade receivables is as follows:

	Group	
	2012	2011
Within 90 days	1,391,634	838,672
Over 90 days and within 365 days	342,147	605,980
Over 365 days and within 2 years	202,410	–
	1,936,191	1,444,652

As at 31 December 2012, trade receivables of RMB399,877,000 (2011: RMB483,138,000) were past due but not impaired. As the Group normally holds collateral of the properties before collection of the outstanding balances and pass the titles to the purchasers, the Directors consider that the past due trade receivables would be recovered and no provision was made against past due receivables as at 31 December 2012 (2011: Nil). The ageing analysis of these trade receivables is as follows:

	Group	
	2012	2011
Within 90 days	125,909	–
Over 90 days and within 365 days	132,017	483,138
Over 365 days and within 2 years	141,951	–
	399,877	483,138

- (b) The balances are cash advances in nature, which are unsecured, interest-free and repayable on demand.
- (c) The carrying amounts of trade and other receivables are mainly denominated in RMB.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

18 Restricted cash

	Group		Company	
	2012	2011	2012	2011
Guarantee deposits for mortgage loans (note (a))	76,698	40,096	–	–
Guarantee deposits for construction of pre-sold properties (note (b))	2,655,302	2,021,140	–	–
Deposits for accident compensation (note (c))	120,494	121,941	–	–
Collateral for borrowings (note (d))	1,033,136	460,951	1,033,136	440,951
	3,885,630	2,644,128	1,033,136	440,951
Denominated in RMB (note (e))	3,552,498	2,203,177	700,004	–
Denominated in US\$	333,132	440,951	333,132	440,951
	3,885,630	2,644,128	1,033,136	440,951

Notes:

- (a) Amounts represent cash deposited in certain banks as guarantee deposits for the mortgage loan facilities granted by the banks to the purchasers of the Group's properties.
- (b) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place certain amount of proceeds from pre-sales of properties at designated bank accounts as guarantee deposits for constructions of the pre-sold properties. The deposits can only be used for settlements of payables of purchase of construction materials or construction fee of the relevant property development projects when approval from local State-Owned Land and Resource Bureau is obtained. The remaining balance of guarantee deposits will be released upon completion of construction of related pre-sold properties or issuance of the real estate ownership certificate, whichever is earlier.
- (c) In accordance with regulation issued by certain local governments, certain property development companies of the Group are required to maintain certain amount of cash at designated bank accounts solely for payments of medical expenses and compensations to the workers who are injured during carrying out construction projects of the Group.
- (d) Amounts represent bank deposits pledged as collateral for the Group's bank borrowings of RMB1,246,004,000 (2011: RMB446,197,000) (note 22(d)). Such guarantee deposits will be released after the repayment of the relevant borrowings.
- (e) The conversion of the PRC group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

19 Cash and cash equivalents

	Group		Company	
	2012	2011	2012	2011
Cash and cash equivalents comprise the following:				
Cash at bank and in hand	5,471,517	4,611,683	172,909	3,381
Short-term bank deposits	332,275	72,031	332,275	72,031
	5,803,792	4,683,714	505,184	75,412
Denominated in RMB (note (a))	5,009,305	4,219,854	7,365	95
Denominated in other currencies	794,487	463,860	497,819	75,317
	5,803,792	4,683,714	505,184	75,412

Note:

- (a) The conversion of the PRC group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

20 Share capital and premium

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised					
At 31 December 2012 and 2011	10,000,000,000	1,000,000			
Movements were:					
Issued and fully paid					
At 31 December 2012 and 2011	3,449,450,000	344,945	363,217	3,295,325	3,658,542

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

21 Other reserves

Group

	Merger reserve (note (a))	Statutory reserve and enterprise expansion fund (note (b))	Total
Balance at 1 January 2011	442,395	340,925	783,320
Transfer from retained earnings	–	163,672	163,672
Balance at 31 December 2011	442,395	504,597	946,992
Balance at 1 January 2012	442,395	504,597	946,992
Transfer from retained earnings	–	243,102	243,102
Balance at 31 December 2012	442,395	747,699	1,190,094

Notes:

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

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

Company

Other reserves of the Company represent the difference between the consideration of acquisition of subsidiaries over the nominal value of the shares of the Company issued in exchange pursuant to the group's reorganisation undertaken for listing of the Company's shares on the Stock Exchange.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

22 Borrowings

	Group		Company	
	2012	2011	2012	2011
Borrowings included in non-current liabilities:				
Senior notes (note (a))				
– Senior notes issued in 2009 (“2009 Senior Notes”) (note (a)(i))	1,825,818	1,816,777	1,825,818	1,816,777
– Senior notes issued in 2010 (“2010 Senior Notes”) (note (a)(ii))	4,025,558	4,022,221	4,025,558	4,022,221
– Senior notes issued in 2012 (“2012 Senior Notes”) (note (a)(iii))	4,327,380	–	4,327,380	–
Long-term syndicated loans				
– secured (note (b))	950,000	1,000,000	–	–
– unsecured (note (c))	2,525,714	3,152,385	2,525,714	3,152,385
Long-term bank borrowings				
– secured (note (d))	6,294,656	5,168,236	–	–
– unsecured (note (e))	2,249,756	2,070,071	1,243,256	622,071
Other borrowings – secured (note (f))	1,750,000	2,600,478	–	–
Less: current portion of long-term syndicated loans				
– secured (note (b))	(100,000)	(50,000)	–	–
– unsecured (note (c))	(1,514,709)	(645,798)	(1,514,709)	(645,798)
current portion of long-term bank borrowings				
– secured (note (d))	(2,224,206)	(3,374,760)	–	–
– unsecured (note (e))	(1,107,642)	(988,674)	(498,642)	–
current portion of other borrowings (note (f))	–	(2,600,478)	–	–
	19,002,325	12,170,458	11,934,375	8,967,656
Borrowings included in current liabilities:				
Short-term bank borrowings				
– secured (note (d))	1,246,004	–	816,004	–
Current portion of long-term syndicated loans	1,614,709	695,798	1,514,709	645,798
Current portion of long-term bank borrowings	3,331,848	4,363,434	498,642	–
Current portion of other borrowings (note (f))	–	2,600,478	–	–
	6,192,561	7,659,710	2,829,355	645,798
Total borrowings	25,194,886	19,830,168	14,763,730	9,613,454

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

22 Borrowings (Continued)

Notes:

(a) Senior notes

The senior notes are jointly guaranteed by certain subsidiaries of the Group and are secured by pledges of the shares of these subsidiaries. The net assets of these subsidiaries as at 31 December 2012 are approximately RMB5,486,291,000 (2011: RMB5,440,076,000).

(i) 2009 Senior Notes

On 14 November 2009, the Company issued 10% senior notes with an aggregated nominal value of US\$300,000,000 (equivalent to approximately RMB2,048,430,000) at 97.562% of the face value. The net proceeds, after deducting the issuance costs, amounted to US\$285,384,000 (equivalent to approximately RMB1,948,633,000). The 2009 Senior Notes will mature in November 2016. The Company, at its option, can redeem all or a portion of the 2009 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

The 2009 Senior Notes recognised in the consolidated balance sheet are calculated as follows:

	2012	2011
Carrying amount as at 1 January	1,816,777	1,900,290
Amortisation of issuance costs	13,181	13,507
Exchange gains	(4,140)	(97,020)
Carrying amount at 31 December	1,825,818	1,816,777

(ii) 2010 Senior Notes

On 28 April 2010, the Company issued 8.875% senior notes with an aggregated nominal value of US\$650,000,000 (equivalent to approximately RMB4,436,965,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$636,600,000 (equivalent to approximately RMB4,343,810,000). The 2010 Senior Notes will mature in April 2017. The Company, at its option, can redeem all or a portion of the 2010 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

The 2010 Senior Notes recognised in the consolidated balance sheet are calculated as follows:

	2012	2011
Carrying amount as at 1 January	4,022,221	4,219,819
Amortisation of issuance costs	12,307	12,612
Exchange gains	(8,970)	(210,210)
Carrying amount at 31 December	4,025,558	4,022,221

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

22 Borrowings (Continued)

Notes: (Continued)

(a) Senior notes (Continued)

(iii) 2012 Senior Notes

On 20 March 2012, the Company issued 9.875% senior notes with an aggregated nominal value of US\$700,000,000 (equivalent to approximately RMB4,406,841,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$686,993,000 (equivalent to approximately RMB4,324,896,000). The 2012 Senior Notes will mature in March 2017. The Company, at its option, can redeem all or a portion of the 2012 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

The 2012 Senior Notes recognised in the consolidated balance sheet are calculated as follows:

	2012
Nominal value as at date of issuance	4,406,841
Issuance costs	(81,945)
Carrying amount as at date of issuance	4,324,896
Amortisation of issuance costs	13,743
Exchange gains	(11,259)
Carrying amount as at 31 December	4,327,380

(b) A subsidiary of the Group has entered into a bank loan agreement with a group of banks pursuant to which a loan facility of RMB1,000,000,000 has been granted to the subsidiary which will be expired on 3 January 2019. The facility is secured by certain properties of the subsidiary. As at 31 December 2012, the carrying value of the loans outstanding amounted to RMB950,000,000 (2011: RMB1,000,000,000).

(c) In 2010, the Company has entered into a bank loan agreement with a group of banks pursuant to which the Company has been granted a facility of HK\$1,592,500,000 expiring on 7 September 2013. The facility is jointly guaranteed by certain subsidiaries of the Group by pledges of the shares of these subsidiaries. In 2012, the Company has repaid half of the principle amounted to HK\$796,250,000 (equivalent to approximately RMB637,439,000). As at 31 December 2012, the carrying value of the loans outstanding amounted to HK\$798,172,000 (equivalent to approximately RMB638,233,000) (2011: HK\$1,574,806,000, equivalent to approximately RMB1,275,672,000).

In 2011, the Company has entered into a bank loan agreement with a group of banks pursuant to which the Company has been granted a facility of HK\$2,350,000,000 expiring on 27 July 2014. The facility is jointly guaranteed by certain subsidiaries of the Group by pledges of the shares of these subsidiaries. As at 31 December 2012, the carrying value of the loans outstanding amounted to HK\$2,328,850,000 (equivalent to approximately RMB1,887,481,000) (2011: HK\$2,314,750,000, equivalent to approximately RMB1,876,713,000).

(d) As at 31 December 2012, the Group's bank borrowings of RMB6,294,656,000 (2011: RMB4,722,039,000) are secured by its land use rights and properties (note 6, note 7, note 9, note 14 and note 15) and the Group's bank borrowings of RMB1,246,004,000 (2011: RMB446,197,000) are secured by its bank deposits (note 18(d)).

(e) As at 31 December 2012, the Group's unsecured bank borrowings of RMB2,249,756,000 (2011: RMB2,070,071,000) are jointly guaranteed by the Group's entities.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

22 Borrowings (Continued)

Notes: (Continued)

(f) Other borrowings – secured

(i) Fund raised by a joint venture in Tianjin (note 12(1))

In August 2010, the JV Parties, Tianjin Jinnan and a financial institution (the “Trustee I”) entered into a fund arrangement, pursuant to which Trustee I raised a trust fund totaling RMB3,600,000,000 and injected the fund to Tianjin Jinnan. The fund bore interest at a fixed interest rate and matured on 13 March 2012. Upon the maturity of the fund, Trustee I has a call option to acquire 16% shares in Tianjin Jinnan at a pre-agreed consideration. In the year ended 31 December 2012, Tianjin Jinnan has repaid the fund to Trustee I and the call option of Trustee I was cancelled.

In May 2012, the JV Parties, Tianjin Jinnan and another financial institution (the “Trustee II”) entered into a fund arrangement, pursuant to which Trustee II raised a trust fund totalling RMB2,200,000,000 and injected the fund to Tianjin Jinnan. The fund bears interest at a fixed interest rate and will mature on 14 May 2014. Land use right of Tianjin Jinnan of RMB3,507,560,000 are pledged to Trustee II and the JV Parties provide guarantee, in proportion to their respective shareholding in Tianjin Jinnan, on the repayment of the fund to the Trustee II.

The movements of the Group’s portion of liability for the years ended 31 December 2012 and 2011 are set out below:

	2012	2011
Carrying amount at 1 January	1,051,450	934,619
Addition	550,000	–
Repayment	(900,000)	–
Interest charged	79,761	116,831
Interest paid	(175,500)	–
Interest payables transferred to other payables	(55,711)	–
Carrying amount at 31 December	550,000	1,051,450

(ii) Fund raised by a subsidiary in Guangzhou

In 2010, an indirect wholly owned subsidiary of the Company who is principally engaged in development of a real estate project in Guangzhou (“Guangzhou Project Company”) entered into a fund arrangement with a financial institution (the “Trustee III”), pursuant to which Trustee III raised a trust fund totaling RMB1,500,000,000 and injected the fund to Guangzhou Project Company, such borrowings was pledged by shares of Guangzhou Project Company and a tract of land use right of the Group of RMB2,307,549,000. The fund has been repaid in December 2012.

The movements of the liability for the years ended 31 December 2012 and 2011 are set out below:

	2012	2011
Carrying amount at 1 January	1,549,028	1,216,636
Addition	–	300,000
Interest charged	152,248	166,476
Interest paid	(201,276)	(134,084)
Repayment	(1,500,000)	–
Carrying amount at 31 December	–	1,549,028

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

22 Borrowings (Continued)

Notes: (Continued)

(f) Other borrowings – secured (Continued)

(iii) Fund raised by a subsidiary in Zhongshan

In 2012, an indirect wholly owned subsidiary of the Company who is principally engaged in development of a real estate project in Zhongshan (“Zhongshan Project Company”) entered into a fund arrangement with a financial institution (the “Trustee IV”), pursuant to which Trustee IV raised a trust fund totalling RMB1,200,000,000 and injected the fund to Zhongshan Project Company. The fund bears a fixed interest and will mature in February 2014. During the period of the fund, shares of Zhongshan Project Company and a tract of land use right of another group entity of RMB2,168,342,000 (note 14) are pledged to Trustee IV.

The movements of the liability for the year ended 31 December 2012 is set out below:

	2012
Carrying amount at 1 January	–
Addition	1,200,000
Interest charged	158,917
Interest payables transferred to other payables	(158,917)
Carrying amount at 31 December	1,200,000

The exposure of the Group’s borrowings to interest-rate changes and the contractual repricing dates are as follows:

The Group	6 months or less	6–12 months	1–5 years	Over 5 years
Borrowings included in non-current liabilities:				
At 31 December 2012	3,212,876	3,860,693	11,928,756	–
At 31 December 2011	3,837,809	2,493,651	1,816,777	4,022,221
Borrowings included in current liabilities:				
At 31 December 2012	4,011,280	2,181,281	–	–
At 31 December 2011	1,587,634	6,072,076	–	–
The Company				
Borrowings included in non-current liabilities:				
At 31 December 2012	1,755,619	–	10,178,756	–
At 31 December 2011	3,128,658	–	1,816,777	4,022,221
Borrowings included in current liabilities:				
At 31 December 2012	2,829,355	–	–	–
At 31 December 2011	645,798	–	–	–

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

22 Borrowings (Continued)

The carrying amounts of the borrowings are denominated in the following currencies with the respective effective interest rates:

The Group	2012		2011	
	RMB'000	Effective interest rate	RMB'000	Effective interest rate
2009 Senior Notes – US\$	1,825,818	11.02%	1,816,777	11.02%
2010 Senior Notes – US\$	4,025,558	9.29%	4,022,221	9.29%
2012 Senior Notes – US\$	4,327,380	10.39%	–	–
Syndicated loans – RMB	950,000	7.73%	1,000,000	6.96%
Syndicated loans – HK\$	2,525,714	4.48%	3,152,385	4.22%
Bank borrowings – HK\$	907,373	5.00%	–	–
Bank borrowings – US\$	1,151,887	4.70%	622,071	4.53%
Bank borrowings and other borrowings – RMB	9,481,156	8.94%	9,216,714	7.85%
	25,194,886		19,830,168	

The Company	2012		2011	
	RMB'000	Effective interest rate	RMB'000	Effective interest rate
2009 Senior Notes – US\$	1,825,818	11.02%	1,816,777	11.02%
2010 Senior Notes – US\$	4,025,558	9.29%	4,022,221	9.29%
2012 Senior Notes – US\$	4,327,380	10.39%	–	–
Syndicated loans – HK\$	2,525,714	4.48%	3,152,385	4.22%
Bank borrowings – HK\$	907,373	5.00%	–	–
Bank borrowings – US\$	1,151,887	4.70%	622,071	4.53%
	14,763,730		9,613,454	

The carrying amounts and fair value of the non-current borrowings are as follows:

The Group	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Bank borrowings (note (i))	5,212,564	5,212,564	2,874,873	2,874,873
2009 Senior Notes (note (ii))	1,825,818	2,065,223	1,816,777	1,677,071
2010 Senior Notes (note (ii))	4,025,558	4,370,033	4,022,221	3,341,588
2012 Senior Notes (note (ii))	4,327,380	4,801,336	–	–
Syndicated loans (note (i))	1,861,005	1,861,005	3,456,587	3,456,587
Other borrowings	1,750,000	1,750,000	–	–
	19,002,325	20,060,161	12,170,458	11,350,119

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

22 Borrowings (Continued)

The Company	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Bank borrowings (note (i))	744,614	744,614	622,071	622,071
2009 Senior Notes (note (ii))	1,825,818	2,065,223	1,816,777	1,677,071
2010 Senior Notes (note (ii))	4,025,558	4,370,033	4,022,221	3,341,588
2012 Senior Notes (note (ii))	4,327,380	4,801,336	–	–
Syndicated loans (note (i))	1,011,005	1,011,005	2,506,587	2,506,587
	11,934,375	12,992,211	8,967,656	8,147,317

Notes:

- (i) The fair values of non-current bank borrowings and syndicated loans approximate their carrying amount as all such borrowings are with floating interest rate.
- (ii) The fair values of senior notes are determined directly by references to the price quotations published by Singapore Exchange Limited on 31 December 2012, the last dealing date of 2012.

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

As at 31 December 2012

The Group	Bank borrowings	Senior notes	Syndicated loans	Other borrowings	Total
Between 1 and 2 years	2,246,352	–	1,111,005	1,750,000	5,107,357
Between 2 and 5 years	2,238,658	10,178,756	450,000	–	12,867,414
Over 5 years	727,554	–	300,000	–	1,027,554
	5,212,564	10,178,756	1,861,005	1,750,000	19,002,325

The Company	Bank borrowings	Senior notes	Syndicated loans	Other borrowings	Total
Between 1 and 2 years	529,566	–	1,011,005	–	1,540,571
Between 2 and 5 years	215,048	10,178,756	–	–	10,393,804
Over 5 years	–	–	–	–	–
	744,614	10,178,756	1,011,005	–	11,934,375

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

22 Borrowings (Continued)

As at 31 December 2011

The Group	Bank borrowings	Senior notes	Syndicated loans	Other borrowings	Total
Between 1 and 2 years	1,383,905	–	1,606,673	–	2,990,578
Between 2 and 5 years	1,149,888	1,816,777	1,299,914	–	4,266,579
Over 5 years	341,080	4,022,221	550,000	–	4,913,301
	2,874,873	5,838,998	3,456,587	–	12,170,458

The Company	Bank borrowings	Senior notes	Syndicated loans	Other borrowings	Total
Between 1 and 2 years	188,979	–	1,506,673	–	1,695,652
Between 2 and 5 years	433,092	1,816,777	999,914	–	3,249,783
Over 5 years	–	4,022,221	–	–	4,022,221
	622,071	5,838,998	2,506,587	–	8,967,656

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

The Group has the following undrawn borrowing facilities:

	2012	2011
Floating rate		
– expiring beyond one year	1,483,581	1,813,899

23 Convertible Bonds

On 28 April 2011, the Company issued 4.0% Convertible Bonds due 2016, in the aggregate principal amount of US\$500 million (equivalent to RMB3,253 million). The Convertible Bonds, at the option of the bond holders, will be convertible into fully paid ordinary shares with a par value of HK\$0.1 each of the Company. The initial conversion price of the Convertible Bonds is HK\$18.256 per share (with a fixed exchange rate of US\$1.00 = HK\$7.774), subject to adjustments pursuant to the terms and conditions of the Convertible Bonds. As at December 2012, the conversion price has been adjusted to HK\$16.911 per share following the distribution of dividends.

The net proceeds from issuance of the Convertible Bonds of US\$491,902,000 (equivalent to RMB3,199,875,000) were received on 28 April 2011.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

23 Convertible Bonds (Continued)

The Convertible Bonds were recognised as embedded financial derivatives and a debt component as follows:

- Embedded financial derivatives, comprise the fair value of the option of the holders of the Convertible Bonds to convert the Convertible Bonds into ordinary shares of the Company at the conversion price; the fair value of the option of the holders of the Convertible Bonds to require the Company to redeem the Convertible Bonds; and the fair value of the option of the Company to redeem the Convertible Bonds.

These embedded options are interdependent as only one of these options can be exercised. Therefore, they are not able to be accounted for separately and a single compound derivative was recognised.

- Debt component initially recognised at its fair value, which is the residual amount after deducting the fair value of the derivative component from the net proceeds at the initial recognition, and is subsequently carried at amortised cost.

A valuation on the Convertible Bonds has been performed by Vigers Appraisal and Consulting Limited, an independent qualified valuer, on 31 December 2012 and 2011. The binomial model is used in the valuation of the embedded financial derivatives. Key assumption and variables used in the model are as follows:

	note	31 December 2012	31 December 2011
Conversion price		HK\$16,911	HK\$17,839
Risk-free rate of interest	(a)	2.00%	1.97%
Time to expiration		3.33 years	4.33 years
Volatility	(b)	54%	68%

Notes:

- (a) The risk-free rate of interest adopted approximated the interest rate of Chinese government bonds with maturity of three years.
- (b) The volatility adopted for a private company was based on the average of the upper range between the industry volatility and the peer companies' volatilities.

The value of embedded financial derivatives varies with different variables of certain subjective assumptions, which have been made by the directors of the Company based on their best estimates.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

23 Convertible Bonds (Continued)

The movement of the debt component and embedded financial derivatives of the Convertible Bonds is set out below:

	Debt component	Embedded financial derivatives	Total
For the period from inception to 31 December 2011			
Date of issuance	2,162,456	1,037,419	3,199,875
Fair value gains on embedded financial derivatives	–	(176,922)	(176,922)
Interests recognised under			
the effective interest method	194,587	–	194,587
Interests payable	(85,062)	–	(85,062)
Exchange gains	(70,984)	–	(70,984)
As at 31 December 2011	2,200,997	860,497	3,061,494
For the year ended 31 December 2012			
At 1 January 2012	2,200,997	860,497	3,061,494
Fair value gains on embedded financial derivatives	–	(199,769)	(199,769)
Interests recognised under			
the effective interest method	300,571	–	300,571
Interests payable	(125,710)	–	(125,710)
Exchange gains	(5,747)	–	(5,747)
As at 31 December 2012	2,370,111	660,728	3,030,839

Up to 31 December 2012, there was no conversion or redemption of the Convertible Bonds.

24 Deferred income tax – Group

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 relate to the same fiscal authority. As at 31 December 2012 and 2011, the Group did not have such offset amount and the amounts shown in the consolidated balance sheets are as follows:

	2012	2011
Deferred income tax assets to be recovered within 12 months	280,492	173,346
Deferred income tax liabilities to be recovered after more than 12 months	(1,753,072)	(1,549,574)

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

24 Deferred income tax – Group (Continued)

The movements in deferred tax assets/(liabilities) during the years ended 31 December 2011 and 2012 were as follows:

	Deferred tax assets – tax losses	Deferred tax assets – unrealised profit on intra-group transactions	Deferred tax liabilities – temporary difference on recognition of sales and related cost of sales	Deferred tax liabilities – excess of carrying amount of land use right over the tax bases	Deferred tax liabilities – excess of fair value of investment properties over the tax bases	Net
At 1 January 2011	70,346	–	(894,804)	(286,830)	(865,953)	(1,977,241)
Credited/(charged) to the consolidated income statement	59,527	43,473	521,332	786	(24,105)	601,013
At 31 December 2011	129,873	43,473	(373,472)	(286,044)	(890,058)	(1,376,228)
Credited/(charged) to the consolidated income statement	77,336	29,810	(166,460)	7,569	(44,607)	(96,352)
At 31 December 2012	207,209	73,283	(539,932)	(278,475)	(934,665)	(1,472,580)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of RMB49,947,000 (2011: nil) in respect of tax losses amounting to RMB199,788,000 (2011: nil) that can be carried forward against future taxable income. Tax losses of approximately RMB14,996,000, RMB57,898,000, RMB74,405,000, RMB223,092,000 and RMB458,445,000 will expire in 2013, 2014, 2015, 2016 and 2017 respectively.

Deferred income tax liabilities of RMB1,417,609,000 (2011: RMB1,126,980,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

25 Trade and other payables and accruals

	Group		Company	
	2012	2011	2012	2011
Trade payables (note (a))	11,259,478	8,176,679	–	–
Other payables due to:				
– Subsidiaries (note (b))	–	–	2,846,697	2,856,975
– Related parties (note 42 (c))	344,485	708,240	239,668	572,357
– Third parties (note (c))	1,443,734	2,014,782	10,033	10,260
Staff welfare benefit payable	33,629	34,301	–	–
Accruals	806,777	440,205	263,994	136,705
Other taxes payable	286,968	275,866	–	–
	14,175,071	11,650,073	3,360,392	3,576,297

Notes:

- (a) The ageing analysis of trade payables of the Group as at 31 December 2012 and 2011 is as follows:

	Group	
	2012	2011
Within 90 days	9,385,979	6,288,702
Over 90 days and within 180 days	894,923	866,998
Over 180 days and within 365 days	597,732	594,464
Over 365 days	380,844	426,515
	11,259,478	8,176,679

- (b) The balances are cash advances in nature, which are unsecured, interest-free and repayable on demand.
- (c) A local government appointed the Group to carry out a project of land clearance and primary infrastructure construction for the local government. The government shall make progress payments to the Group, which are interest free, and the construction cost incurred by the Group will be reimbursed or off set against the progress payments of the government on an actual basis. As at 31 December 2012, the project was in progress. The advances received from the government after net off the relevant construction cost incurred, which amounted to approximately RMB299,397,000 (2011: RMB561,498,000), was recognised as other payables.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

26 Current income tax liabilities – Group

Current income tax liabilities are analysed as follows:

	2012	2011
Income tax payables		
– PRC enterprise income tax payables	840,623	646,926
– PRC land appreciation tax payables	8,307,005	7,375,719
– PRC withholding tax payable	708,377	395,560
	9,856,005	8,418,205

27 Other income

	2012	2011
Gain on disposal of a subsidiary (note 12(2))	3,358	–
Interest income of bank deposits	75,960	137,095
Income in relation to a cancellation of land acquisition agreement	–	29,911
Forfeited deposits from customers	13,957	9,574
Miscellaneous income	39,729	23,640
	133,004	200,220

28 Other expenses

	2012	2011
Charitable donations	177,123	83,334
Miscellaneous	35,429	21,988
	212,552	105,322

29 Exchange gains/(losses), net

Amount mainly represents the gain or loss of translation of financial assets and liabilities, which are denominated in foreign currency into RMB at the prevailing period-end exchange rate. It does not include the exchange gain or loss related to borrowings and Convertible Bonds which are included in the finance (costs)/income (note 33).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

30 Expenses by nature

	2012	2011
Employee benefit expenses — including directors' emoluments (note 31)	1,049,698	856,419
— property development	630,492	496,554
— property management	328,730	274,385
— hotel operations	90,476	85,480
Auditors' remuneration	5,800	5,400
Advertising costs	733,876	659,081
Depreciation (note 6)	164,958	68,293
Amortisation of intangible assets (note 8)	14,645	3,330
Amortisation of land use rights (note 7)	84,728	40,072
Cost of properties sold	14,855,066	8,635,701
Business taxes and other levies on sales of properties (note (a))	1,637,744	1,254,716
Cost of property management	243,344	201,872
Cost of hotel operations	326,751	179,690
Commission fee	78,749	68,925

Note:

(a) The Group is subject to business taxes of 5% and other levies on their revenues from sales of properties in the PRC.

31 Employee benefit expense — including directors' emoluments

	2012	2011
Wages and salaries	902,029	739,919
Pension costs — statutory pension (note (a))	47,348	40,788
Staff welfare	19,277	13,748
Medical benefits	14,388	12,050
Other allowances and benefits	66,656	49,914
	1,049,698	856,419

Note:

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

The gross retirement scheme contributions for the employees, which have been charged in the consolidated income statement of the Group, amounted to RMB47,348,000 (2011: RMB40,788,000).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

32 Directors' and senior management's emoluments

(a) Directors' emoluments

The emoluments of directors of the Company for the year ended 31 December 2012 are set out below:

	Fees	Salary	Contribution to pension scheme	Total
Mr. Chen Zhuo Lin	–	3,695	11	3,706
Mr. Chan Cheuk Yin	–	3,159	11	3,170
Ms. Luk Sin Fong, Fion	–	3,159	11	3,170
Mr. Chan Cheuk Hung	–	2,622	11	2,633
Mr. Chan Cheuk Hei	–	2,622	11	2,633
Mr. Chan Cheuk Nam	–	2,622	11	2,633
Dr. Cheng Hon Kwan (*)	277	–	–	277
Mr. Kwong Che Keung, Gordon (*)	277	–	–	277
Mr. Cheung Wing Yui (*)	277	–	–	277
	831	17,879	66	18,776

The emoluments of directors of the Company for the year ended 31 December 2011 are set out below:

	Fees	Salary	Contribution to pension scheme	Total
Mr. Chen Zhuo Lin	–	3,743	10	3,753
Mr. Chan Cheuk Yin	–	3,202	10	3,212
Ms. Luk Sin Fong, Fion	–	3,202	10	3,212
Mr. Chan Cheuk Hung	–	2,658	10	2,668
Mr. Chan Cheuk Hei	–	2,658	10	2,668
Mr. Chan Cheuk Nam	–	2,658	10	2,668
Dr. Cheng Hon Kwan (*)	282	–	–	282
Mr. Kwong Che Keung, Gordon (*)	282	–	–	282
Mr. Cheung Wing Yui (*)	282	–	–	282
	846	18,121	60	19,027

* Dr. Cheng Hon Kwan, Mr. Kwong Che Keung, Gordon and Mr. Cheung Wing Yui are independent non-executive directors of the Company.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

32 Directors' and senior management's emoluments (Continued)

(b) Five highest paid individuals

During the year ended 31 December 2012, none of the five highest paid individuals in the Group is director of the Company (2011: none). The aggregate amounts of emoluments of the five highest paid individuals for the years ended 31 December 2012 and 2011 are set out below:

	2012	2011
Salaries and bonuses	30,337	29,592

The emoluments fell within the following bands:

	Number of individuals	
	2012	2011
Emoluments bands		
RMB5,000,001–RMB6,000,000	3	2
RMB6,000,001–RMB7,000,000	1	3
RMB7,000,001–RMB7,500,000	1	–

- (c) During the years ended 31 December 2012 and 2011, no emolument was paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of offices.

33 Finance (costs)/income, net

	2012	2011
Interest expenses:		
– bank borrowings and syndicated loans	(905,212)	(716,915)
– senior notes	(930,153)	(586,191)
– other borrowings	(390,926)	(283,307)
– Convertible Bonds	(300,571)	(194,587)
Exchange gains from borrowings and Convertible Bonds	31,520	644,608
Less: interest capitalised	2,449,048	1,781,000
	(46,294)	644,608

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

34 Income tax expenses

	2012	2011
Current income tax		
– PRC enterprise income tax	1,825,735	2,577,233
– PRC land appreciation tax	3,099,079	4,043,050
– PRC withholding income tax	363,139	370,534
Deferred income tax (note 24)		
– PRC enterprise income tax	96,352	(601,013)
	5,384,305	6,389,804

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

	2012	2011
Profit before income tax	10,530,956	11,623,484
Tax calculated at tax rates applicable to profits in the respective entities of the Group	2,632,739	2,845,658
Effect of		
– An associate's result reported net of tax	21,756	(30,235)
– Income not subject to income tax (note (a))	(68,959)	(173,788)
– Expenses not deductible for income tax (note (b))	61,374	320,715
– Tax losses for which no deferred income tax asset was recognised	49,947	–
– PRC land appreciation tax deductible for calculation of income tax purposes	(774,770)	(986,130)
PRC enterprise income tax	1,922,087	1,976,220
PRC withholding income tax	363,139	370,534
PRC land appreciation tax	3,099,079	4,043,050
	5,384,305	6,389,804

Notes:

- (a) Income not subject to income tax for the years ended 31 December 2012 and 2011 mainly comprise the fair value gains on embedded financial derivatives, the exchange gains derived from offshore borrowings and the interest income of bank deposits of the Company.
- (b) Expenses not deductible for income tax for the years ended 31 December 2012 and 2011 mainly comprise donations made to non-official public welfare institutions and expenses of the group entities in Hong Kong.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

34 Income tax expenses (Continued)

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and expenditures directly related to property development activities.

PRC enterprise income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The enterprise income tax rate applicable to the group entities located in Mainland China is 25% according to the Enterprise Income Tax Law of the People's Republic of China (the "new CIT Law") effective on 1 January 2008. Under the new CIT Law, the enterprise income tax rate applicable to certain of the group entities established and operated in Hainan Special Economic Zone is gradually increased from 15% to 25% in a transitional period of five years starting from 1 January 2008, the applicable enterprise income tax rate of these group entities for the year is 25% (2011: 24%).

PRC withholding income tax

According to the new CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfill requirements under the tax treaty arrangements between the PRC and Hong Kong.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Group entities in the British Virgin Islands were incorporated either under the BVI Business Companies Act or were automatically re-registered under the same act on 1 January 2007 and, accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Company and the Group did not have assessable profit in Hong Kong for the year. The profit of the group entities in Hong Kong is mainly derived from dividend income and interest income of bank deposits, which are not subject to Hong Kong profits tax.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

35 Retained earnings of the Company

	2012	2011
As at 1 January	1,014,246	680,169
Profit for the year	1,210,231	1,309,376
Dividends	(1,061,552)	(975,299)
As at 31 December	1,162,925	1,014,246
Representing		
– Proposed final dividend	665,211	657,319
– Unappropriated retained earnings	497,714	356,927

36 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2012	2011
Profit attributable to shareholders of the Company	5,000,482	4,105,255
Weighted average number of ordinary shares in issue (thousands)	3,449,450	3,466,015
Basic earnings per share (RMB per share)	1.450	1.184

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are only derived from the Convertible Bonds. In calculating the basic earnings per share, the Convertible Bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses, exchange gains on debt component and the fair value gains on embedded financial derivatives less the tax effect, if applicable.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

36 Earnings per share (Continued)

	2012	2011
Profit attributable to shareholders of the Company	5,000,482	4,105,255
Interest expenses charged to the income statement for the year	–	–
Exchange gains on debt component	(5,747)	(70,984)
Fair value gains on embedded financial derivatives	(199,769)	(176,922)
Profit used to determine diluted earnings per share	4,794,966	3,857,349
Weighted average number of ordinary shares in issue (thousands)	3,449,450	3,466,015
Assumed conversion of Convertible Bonds (thousands)	223,641	149,499
Weighted average number of ordinary shares for diluted earnings per share (thousands)	3,673,091	3,615,514
Diluted earnings per share (RMB per share)	1.305	1.067

37 Dividends

	2012	2011
Interim dividend of HK\$0.145 (2011: HK\$0.108) per share (note (a))	408,389	307,245
Proposed final dividend of HK\$0.239 (2011: HK\$0.234) per ordinary share (note (b))	665,211	653,163
	1,073,600	960,408

Notes:

- (a) An interim dividend in respect of six months ended 30 June 2012 of HK\$0.145 per ordinary share totaling HK\$498,505,000 (equivalent to RMB408,389,000) was declared by the Board of Directors of the Company on 16 August 2012.
- (b) A final dividend in respect of 2011 of HK\$0.234 per share totaling HK\$808,212,000 (equivalent to RMB653,163,000) was declared at the Annual General Meeting held on 10 May 2012.

A final dividend in respect of 2012 of HK\$0.239 per share totaling HK\$824,419,000 (equivalent to RMB665,211,000) has been proposed by the Board of Directors of the Company and is subject to the approval of the shareholders at the Annual General Meeting to be held on 23 May 2013. These consolidated financial statements have not reflected this dividend payable.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

38 Cash generated from operations

	2012	2011
Profit for the year	5,146,651	5,233,680
Adjustments for:		
Taxation (note 34)	5,384,305	6,389,804
Interest income (note 27)	(75,960)	(137,095)
Finance costs/(income), net (note 33)	46,294	(644,608)
Depreciation (note 6)	164,958	68,293
Amortisation of intangible assets (note 8)	14,645	3,330
Amortisation of land use rights (note 7)	84,728	40,072
Loss of disposal of property, plant and equipment	–	4,079
Gain on disposal of a subsidiary	(3,358)	–
Net exchange (gains)/losses	(32,800)	152,867
Fair value gains on investment properties (note 9)	(178,428)	(96,418)
Fair value gains on embedded financial derivatives (note 23)	(199,769)	(176,922)
Share of post-tax loss/(profit) of an associate (note 10)	87,024	(120,938)
Changes in working capital:		
Properties under development and completed properties held for sale	(9,647,375)	(3,122,611)
Prepayments for acquisition of land use rights	5,044,356	(7,094,517)
Restricted cash	(208,366)	(434,614)
Trade and other receivables	(800,232)	(748,436)
Trade and other payables and accruals	1,473,845	1,879,516
Cash generated from operations	6,300,518	1,195,482

Non-cash transaction

The principal non-cash transaction of the year ended 31 December 2012 is the transfer of properties under development to construction in progress and land use right for hotel and own used building as detailed in note 6 and note 7. There was no major non-cash transaction in 2011.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

39 Financial guarantee – Group

	2012	2011
Guarantee in respect of mortgage facilities for certain purchasers (note (a))	13,211,372	12,442,609
Guarantee in respect of borrowings of an associate (note (b))	1,205,491	1,502,500
	14,416,863	13,945,109

Notes:

- (a) The Group has in cooperation with certain financial institutions arranged mortgage loan facility for its purchasers of property and provided guarantees to secure obligations of such purchasers for repayments. As at 31 December 2012, the outstanding guarantees amounted to RMB13,211,372,000 (2011: RMB12,442,609,000). Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after the purchasers take possession of the relevant property; and (ii) the satisfaction of relevant mortgage loan by purchasers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any 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 starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty in case of any default in payments.

- (b) The Five Shareholders have evenly provided certain guarantees, in proportion of their shareholding in Li He (note 10), in respect of loan facilities of Li He amounting to RMB2,650,000,000 (2011: RMB3,873,000,000), the Group's share of the guarantee amounted to RMB530,000,000 (2011: RMB774,600,000).

The Five Shareholders have provided a guarantee in respect of another loan facilities of Li He amounting to RMB2,701,965,000 (2011: RMB2,911,600,000), the Group's share of the guarantee amounted to RMB675,491,000 (2011: RMB727,900,000).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

40 Commitments – Group

(a) Operating leases commitments

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	2012	2011
Property, plant and equipment:		
– Not later than one year	63,748	53,920
– Later than one year and not later than five years	66,441	80,959
	130,189	134,879

	2012	2011
Lease of areas adjacent to the property development projects:		
– Not later than one year	550	500
– Later than one year and not later than five years	2,700	2,500
– Later than five years	34,500	35,250
	37,750	38,250

	2012	2011
Lease of the land use right for golf club operation:		
– Not later than one year	3,398	3,170
– Later than one year and not later than five years	12,167	13,629
– Later than five years	34,676	36,613
	50,241	53,412

(b) Other commitments

	2012	2011
Contracted but not provided for		
– Property development activities	21,703,115	25,675,328
– Acquisition of land use rights and other assets	611,900	190,550
– Property development activities and other assets of the jointly controlled entities (note 12)	254,871	38,323
	22,569,886	25,904,201

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

41 Future minimum rental payments receivable – Group

The Group had future aggregate minimum lease rental receivables under non-cancellable operating leases as follows:

	2012	2011
Not later than one year	50,699	29,247
Later than one year and not later than five years	265,923	180,937
Over five years	263,669	205,998
	580,291	416,182

42 Related party transactions

(a) Name and relationship with related parties

Name	Relationship
Top Coast Investment Limited	The ultimate holding company of the Group
The Founding Shareholders, including Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei, and Mr. Chan Cheuk Nam (the “Founding Shareholders”)	The Founding Shareholders are also the directors of the Company
Zhongshan Changjiang Golf Course (note (i)) 中山長江高爾夫球場	Controlled by the Founding Shareholders
Zhongshan Agile Changjiang Hotel Co., Ltd. (note (i)) 中山市雅居樂長江酒店有限公司	Controlled by the Founding Shareholders
Guangzhou Li He Property Development Company Limited (note (i)) 廣州利合房地產開發有限公司	Associate of the Group
Tianjin Jinnan Xincheng Real Estate Development Company Limited (note (i)) 天津津南新城房地產開發有限公司	Jointly controlled by the Group
Tianjin He An Investment Company Limited (note (i)) 天津和安投資有限公司	Jointly controlled by the Group
Zhongshan Yahong Real Estate Development Co., Ltd. (note (i)) 中山市雅鴻房地產開發有限公司	Jointly controlled by the Group

Note:

- (i) The names of certain of the companies referred to in these financial statements represent management’s best efforts at translating the Chinese names of these companies as no English names have been registered or available.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

42 Related party transactions (Continued)

(b) Transactions with related parties

During the years ended 31 December 2012 and 2011, the Group had the following significant transactions with related parties, which are carried out in the normal course of the Group's business:

	2012	2011
Golf facilities service fee charged by Zhongshan Changjiang Golf Course (note (i))	651	921
Restaurant and hotel service fee charged by Zhongshan Agile Changjiang Hotel Co., Ltd. (note (i))	9,159	9,724
	2012	2011
Providing guarantee for borrowings of related parties		
– Li He (note 39(b))	1,205,491	1,502,500
– Tianjin Jinnan (note 22 (f)(i))	550,000	900,000
	1,755,491	2,402,500

Key management compensation

Key management includes executive directors. The compensation paid or payable to key management for employee services is shown below:

	2012	2011
– Salaries and other short-term employee benefits	17,879	18,967
– Retirement scheme contributions	66	60
	17,945	19,027

Note:

- (i) Restaurant and hotel service fees and golf facilities service fees were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors of the Company, were determined with reference to the market price of the prescribed year. In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

42 Related party transactions (Continued)

(c) Balances with related parties

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

	2012	2011
Due from related parties		
Included in trade and other receivables:		
– Li He (note (i))	1,139,716	1,139,716
– Zhongshan Yahong (note (i))	243,961	–
	1,383,677	1,139,716
Due to related parties		
– Top Coast Investment Limited (note (ii))	246,665	579,325
– Founding shareholders (note (iii))	92,820	92,820
– Zhongshan Changjiang Golf Course (note (i))	–	30,952
– Zhongshan Agile Changjiang Hotel Co., Ltd. (note (i))	–	5,143
– Zhongshan Yahong (note (i))	5,000	–
	344,485	708,240

Notes:

- (i) The balances are cash advances in nature, which are unsecured, interest-free and repayable on demand.
- (ii) Amounts due to Top Coast Investment Limited as at 31 December 2012 comprise dividend payable of RMB239,668,000 (2011: RMB191,140,000) and cash advances of RMB6,997,000 (2011: RMB388,185,000), which are unsecured, interest-free and repayable on demand.
- (iii) Amount due to Founding Shareholders represents the consideration payable for acquisition of a hotel building.

43 Ultimate holding company

The directors of the Company consider Top Coast Investment Limited, a company incorporated in the British Virgin Islands, to be the ultimate holding company of the Group.

44 Events after the balance sheet date

On 18 January 2013, the Group issued US\$700,000,000 (equivalent to approximately RMB4,392,640,000) subordinated perpetual capital securities (the “2013 Perpetual Capital Securities”). Net proceeds after deducting the issuance cost amounted to US\$687,432,500 (equivalent to approximately RMB4,313,776,000). 2013 Perpetual Capital Securities has no fixed redemption date and it is at the Group’s option to redeem the 2013 Perpetual Capital Securities in whole, but not in part, on 18 July 2018 or any Distribution Payment Date (18 July and 18 January of each year) after 18 July 2018 at the agreed redemption amount. The initial distribution rate is 8.25% per annum and will be reset periodically.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Investments in subsidiaries — Company

Amount represents investment in Eastern Supreme Group Limited, which is an unlisted company and stated at cost.

Particulars of principal subsidiaries of the Group are set out below:

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/paid-in capital	Percentage of attributable equity interest	Principal activities/place of operation
Directly held by the Company				
Eastern Supreme Group Limited	British Virgin Islands (the “BVI”)/ limited liability company	US\$10,000	100%	Investment holding/ BVI
Indirectly held by the Company				
雅居樂地產置業有限公司 (前稱中山市雅居樂地產置業有限公司) Agile Property Land Co., Ltd. (formerly named Zhongshan Agile Property Land Co., Ltd.)	PRC/wholly foreign owned enterprise	RMB50,000,000	100%	Management consultants/PRC
中山雅居樂雍景園房地產有限公司 Zhongshan Agile Majestic Garden Real Estate Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	HK\$700,000,000	100%	Property development/ PRC
廣州番禺雅居樂房地產開發有限公司 Guangzhou Panyu Agile Realty Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	RMB250,000,000	100%	Property development/ PRC
廣州花都雅居樂房地產開發有限公司 Guangzhou Huadu Agile Realty Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	RMB380,000,000	100%	Property development/ PRC
佛山市南海區雅居樂房地產有限公司 Foshan Nanhai Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	RMB84,178,700	100%	Property development/ PRC

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Investments in subsidiaries — Company (Continued)

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/paid-in capital	Percentage of attributable equity interest	Principal activities/place of operation
中山市凱茵豪園房地產開發有限公司 Zhongshan Greenville Realty Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	RMB102,000,000	100%	Property development/ PRC
中山市雅建房地產發展有限公司 Zhongshan Ever Creator Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	RMB123,000,000	100%	Property development/ PRC
廣州雅居樂房地產開發有限公司 Guangzhou Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	US\$14,480,000	100%	Property development/ PRC
佛山市雅居樂房地產有限公司 Foshan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	US\$117,500,000	100%	Property development/ PRC
雅居樂物業管理服務有限公司 (前稱中山市雅居樂物業管理服務有限公司) Agile Property Management Services Co., Ltd. (note (i)) (formerly named Zhongshan Agile Property Management Services Co., Ltd.)	PRC/wholly foreign owned enterprise	RMB50,000,000	100%	Property management/ PRC
南京雅居樂房地產開發有限公司 Nanjing Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	US\$118,900,000	100%	Property development/ PRC
河源市雅居樂房地產開發有限公司 Heyuan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	HK\$270,000,000	100%	Property development/ PRC
海南雅居樂房地產開發有限公司 Hainan Agile Real Estate Development Co., Ltd. (note (i))	PRC/foreign invested enterprise	HK\$2,100,000,000	70%	Property development/ PRC

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Investments in subsidiaries — Company (Continued)

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/paid-in capital	Percentage of attributable equity interest	Principal activities/place of operation
海南雅恒房地產開發有限公司 Hainan Yaheng Real Estate Development Co., Ltd. (note (i))	PRC/foreign invested enterprise	HK\$1,000,000,000	70%	Property development/ PRC
廣州從化雅居樂房地產開發有限公司 Guangzhou Conghua Agile Real Estate Development Co., Ltd.) (note (i))	PRC/wholly foreign owned enterprise	HK\$570,000,000	100%	Property development/ PRC
四川雅居樂房地產開發有限公司 Sichuan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	HK\$780,000,000	100%	Property development/ PRC
佛山市三水雅居樂房地產有限公司 Foshan Sanshui Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	HK\$200,000,000	100%	Property development/ PRC
惠州白鷺湖旅遊實業開發有限公司 Huizhou Bailuhu Tour Enterprise Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	HK\$200,000,000	100%	Property development/ PRC
陝西昊瑞房地產開發有限責任公司 Shanxi Haorui Real Estate Development Co., Ltd. (note (i))	PRC/limited liability company	RMB210,000,000	100%	Property development/ PRC
上海靜安城投重慶市置業有限公司 Shanghai Jing'an Chengtou Chongqing Land Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	HK\$300,000,000	100%	Property development/ PRC
上海雅恒房地產開發有限公司 (前稱上海金昌房地產開發有限公司) Shanghai Yaheng Real Estate Development Co., Ltd. (formerly named Shanghai Jinchang Real Estate Development Co., Ltd.) (note (i))	PRC/wholly foreign owned enterprise	RMB810,000,000	100%	Property development/ PRC

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Investments in subsidiaries — Company (Continued)

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/paid-in capital	Percentage of attributable equity interest	Principal activities/place of operation
廣州雅居樂酒店有限公司 Guangzhou Agile Hotel Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	HK\$7,000,000	100%	Hotel operation/PRC
佛山市雅居樂酒店有限公司 Foshan Agile Hotel Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	HK\$10,000,000	100%	Hotel operation/PRC
廣州雅恒房地產開發有限公司 Guangzhou Yaheng Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	US\$99,900,000	100%	Property development/ PRC
中山市雅信房地產開發有限公司 Zhongshan Yaxin Real Estate Development Co., Ltd. (note (i))	PRC/limited liability company	RMB220,000,000	100%	Property development/ PRC
中山市雅創房地產開發有限公司 Zhongshan Yachuang Real Estate Development Co., Ltd. (note (i))	PRC/limited liability company	RMB350,000,000	100%	Property development/ PRC
廣州雅生房地產開發有限公司 Guangzhou Yasheng Real Estate Development Co., Ltd. (note (i))	PRC/limited liability company	RMB100,000,000	100%	Property development/ PRC

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Note:

- (i) The names of the companies represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

Five-year Financial Summary

Consolidated Assets, Equity and Liabilities

	31 December 2012 RMB'000	31 December 2011 RMB'000	31 December 2010 RMB'000	31 December 2009 RMB'000	31 December 2008 RMB'000
ASSETS					
Non-current assets	28,976,243	25,642,029	17,038,594	12,958,385	7,386,451
Current assets	62,760,809	56,136,193	52,839,739	31,219,797	27,591,326
Total assets	91,737,052	81,778,222	69,878,333	44,178,182	34,977,777
EQUITY AND LIABILITIES					
Total equity	27,911,807	23,756,843	20,335,159	15,073,179	13,794,626
Non-current liabilities	23,786,236	16,781,526	17,543,356	10,860,297	7,582,469
Current liabilities	40,039,009	41,239,853	31,999,818	18,244,706	13,600,682
Total liabilities	63,825,245	58,021,379	49,543,174	29,105,003	21,183,151
Total equity and liabilities	91,737,052	81,778,222	69,878,333	44,178,182	34,977,777

* In 2010, the Group changed its accounting policies for land use rights which are held for development and subsequent sale.

Five-year Financial Summary (Continued)

Consolidated Income Statement

	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000	2008 RMB'000
Revenue	30,074,048	22,944,566	20,520,192	13,330,783	9,326,292
Cost of sales	(17,631,935)	(10,590,392)	(11,131,277)	(8,376,704)	(5,889,994)
Gross profit	12,442,113	12,354,174	9,388,915	4,954,079	3,436,298
Selling and marketing costs	(980,349)	(835,042)	(694,639)	(537,179)	(462,539)
Administrative expenses	(1,128,939)	(876,565)	(718,340)	(611,793)	(619,139)
Fair value gains on					
investment properties	178,428	96,418	3,198,208	–	–
Other income	133,004	200,220	113,656	244,435	4,237,956
Other expenses	(212,552)	(105,322)	(397,612)	(326,545)	(120,433)
Exchange gains/(losses), net	32,800	(152,867)	(125,327)	(2,235)	64,777
Operating profit	10,464,505	10,681,016	10,764,861	3,720,762	6,536,920
Fair value gains on embedded					
financial derivatives	199,769	176,922	–	–	–
Finance (costs)/income, net	(46,294)	644,608	269,217	(57,682)	92,437
Share of post-tax (loss)/profit of					
an associate	(87,024)	120,938	–	–	–
Profit before income tax	10,530,956	11,623,484	11,034,078	3,663,080	6,629,357
Income tax expenses	(5,384,305)	(6,389,804)	(4,615,482)	(1,661,129)	(1,171,919)
Profit for the year	5,146,651	5,233,680	6,418,596	2,001,951	5,457,438
Attributable to:					
Shareholders of the Company	5,000,482	4,105,255	5,975,707	1,865,160	5,466,905
Non-controlling interests	146,169	1,128,425	442,889	136,791	(9,467)
	5,146,651	5,233,680	6,418,596	2,001,951	5,457,438
Earnings per share for profit					
attributable to the shareholders					
of the Company during the year					
(expressed in RMB per share)					
– Basic	1.450	1.184	1.707	0.518	1.465
– Diluted	1.305	1.067	1.707	0.518	1.465
Dividends	1,073,600	960,408	850,059	556,675	1,089,494

* Certain comparative figures have been reclassified to conform to the current presentation.

Corporate Information

Board of Directors

Executive Directors

Mr. Chen Zhuo Lin (*Chairman*)
Mr. Chan Cheuk Yin
(*Vice Chairperson and Co-President*)
Ms. Luk Sin Fong, Fion
(*Vice Chairperson and Co-President*)
Mr. Chan Cheuk Hung
Mr. Chan Cheuk Hei
Mr. Chan Cheuk Nam

Independent Non-executive Directors

Dr. Cheng Hon Kwan *GBS, OBE, JP*
Mr. Kwong Che Keung, Gordon
Mr. Cheung Wing Yui

Board Committees

Audit Committee

Mr. Kwong Che Keung, Gordon
(*Committee Chairperson*)
Dr. Cheng Hon Kwan *GBS, OBE, JP*
Mr. Cheung Wing Yui

Remuneration Committee

Dr. Cheng Hon Kwan *GBS, OBE, JP*
(*Committee Chairperson*)
Mr. Kwong Che Keung, Gordon
Mr. Cheung Wing Yui
Ms. Luk Sin Fong, Fion

Nomination Committee

Mr. Cheung Wing Yui (*Committee Chairperson*)
Dr. Cheng Hon Kwan *GBS, OBE, JP*
Mr. Kwong Che Keung, Gordon
Ms. Luk Sin Fong, Fion

Company Secretary

Ms. Wai Ching Sum

Authorised Representatives

Ms. Luk Sin Fong, Fion
Ms. Wai Ching Sum

Auditors

PricewaterhouseCoopers

Legal Advisors

as to Hong Kong law:

Sidley Austin LLP
Iu, Lai & Li Solicitors & Notaries

as to PRC law:

Jingtian & Gongcheng

as to BVI and Cayman Islands law:

Conyers Dill & Pearman

as to the US and English law:

Sidley Austin LLP

Principal Bankers

Bank of China Limited
Industrial and Commercial Bank of China Limited
China Construction Bank Corporation
Agricultural Bank of China Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

Corporate Information

Registered Office

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

Principle Place of Office in the PRC

40th Floor
Guangzhou International Finance Center
No. 5 Zhujiang Xi Road
Zhujiang New Town
Tianhe District, Guangzhou City
Guangdong Province
PRC
Postal Code: 510623

Principal Place of Business in Hong Kong

33rd Floor
Citibank Tower
3 Garden Road
Central
Hong Kong

Principal Share Registrar and Transfer Office

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

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Investor Relations

Capital Markets Department

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(86) 20 8883 9999

Website

www.agile.com.cn

Listing Information

Equity Securities Listing

The Company's ordinary shares are listed on the Main Board of Hong Kong Stock Exchange (Stock Code: 3383).

Debt Securities Listing

The Company's debt securities are listed on the Official List of The Singapore Exchange Securities Trading Limited:

- 10% senior notes in an aggregate principal amount of US\$300 million due 2016
- 8.875% senior notes in an aggregate principal amount of US\$650 million due 2017
- 9.875% senior notes in an aggregate principal amount of US\$700 million due 2017
- 4% convertible bonds in an aggregate principal amount of US\$500 million due 2016

Capital Securities Listing

In January 2013, the Company's subordinated perpetual capital securities in an aggregate principal amount of US\$700 million are listed on the Main Board of Hong Kong Stock Exchange (Stock Code: 4593).

Financial Calendar

2012 annual general meeting	10 May 2012
Interim results announcement	16 August 2012
Payment of interim dividend	25 September 2012
Annual results announcement	25 March 2013
2013 AGM	20 May 2013
Payment of final dividend	on or about 7 June 2013

Closure of Register of Members and other Key Dates

The Company's register of members will be closed during the following periods:

To determine the identity of Shareholders who are entitled to attend and vote at the 2013 AGM

Latest time for lodging transfer	:	4:00 pm on Monday, 13 May 2013
Periods of closure of register of members	:	Tuesday, 14 May to Monday, 20 May 2013 (both dates inclusive)

To determine the Shareholders' entitlement to the final dividend

Ex-entitlement date for final dividend	:	Wednesday, 22 May 2013
Latest time for lodging transfer	:	4:00 pm on Thursday, 23 May 2013
Period of closure of register of members	:	Friday, 24 May to Tuesday, 28 May 2013 (both dates inclusive)
Record date	:	Tuesday, 28 May 2013

Corporate Information

To qualify for attending and voting at the 2013 AGM and/or entitlement to the final dividend, all properly completed transfer forms accompanied by the share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than the corresponding latest time for lodging transfer as stated above.

The proposed final dividend will be paid on or about Friday, 7 June 2013 to Shareholders whose names appear on the register of members of the Company on Tuesday, 28 May 2013 upon approval by the Shareholders in the 2013 AGM.

Annual General Meeting

The 2013 AGM will be held on Monday, 20 May 2013. Notice of 2013 AGM will be set out in the Company's circular and will be despatched together with this annual report to the Shareholders. Notice of 2013 AGM and the proxy form have been published on the Agile's website (www.agile.com.cn), HKEx's website (www.hkex.com.hk) and Singapore Exchange's website (www.sgx.com).

Dividends

Interim dividend	HK14.5 cents per Share
Proposed final dividend	HK23.9 cents per Share

Despatch of Corporate Communications

This annual report is printed in both English and Chinese versions. Printed copies in either or both languages will be delivered to Shareholders in accordance with their indicated preference. This annual report is also published on Agile's website (www.agile.com.cn), HKEx's website (www.hkex.com.hk) and Singapore Exchange's website (www.sgx.com). Registered Shareholders may at any time choose to change their choice of language or means of receipt of the Company's corporate communications free of charge by filling the specified forms and send to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited. For Shareholders whose Shares of the Company are being held through brokers or custodians, they should inform their respective brokers or custodians to effect the change.

For environment protection reasons, the Company encourages Shareholders to view the contents of this annual report posted on the aforesaid websites.

Glossary

Agile or Company	Agile Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
ASP	average selling price
2013 AGM	annual general meeting of the Company to be held on 20 May 2013
Board	board of Directors
BVI	British Virgin Islands
Chen's Family Trust	a family trust established by Top Coast as trustee and the beneficiaries of which are the Founding Shareholders
China or PRC	The People's Republic of China. For the purpose of this annual report, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan region
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
Directors	directors of the Company for the time being
Founding Shareholders	Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam, who are the executive Directors
GBS	Gold Bauhinia Star
GDP	gross domestic product
GFA	gross floor area
Group or Agile Group	the Company and its subsidiaries
HIBOR	Hong Kong Interbank Offered Rate
HK\$/HKD	Hong Kong dollar(s), the lawful currency of Hong Kong
HKAS	Hong Kong Accounting Standards
HKEx	Hong Kong Exchanges and Clearing Limited
HKFRS(s)	Hong Kong Financial Reporting Standards

Glossary

Hong Kong	Hong Kong Special Administrative Region of PRC
Hong Kong Companies Ordinance	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
INED(s)	Independent Non-executive Director(s) of the Company
JP	Justice of the Peace
LIBOR	London Interbank Offered Rate
Listing Rules	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
OBE	Officer of British Empire
RMB	Renminbi, the lawful currency of PRC
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	ordinary share(s) of HK\$0.10 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
Shareholder(s)	holder(s) of Shares
Takeovers Code	The Codes on Takeovers and Mergers and Share Repurchases
Top Coast	Top Coast Investment Limited, a company incorporated in BVI with limited liability on 17 May 2005, being the trustee of Chen's Family Trust
US	United States of America
US\$/USD	United States dollar(s), the lawful currency of the United States of America
%	per cent

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