首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2868)

2012 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Revenue was RMB9,134,054,000 (2011: RMB7,523,321,000)
- Net profit was RMB1,333,663,000 (2011: RMB1,223,555,000)
- Net profit attributable to equity holders of the company was RMB1,110,925,000 (2011: RMB998,578,000)
- Earnings per share was RMB55 cents (2011: RMB49 cents)
- The Board of Director recommended the payment of final dividend of RMB0.16 per share (before tax) (2011: RMB0.19 per share).

The board of directors ("the Board") of Beijing Capital Land Ltd. (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") which have been prepared in accordance with the CAS for the year ended 31 December 2012 (the "Year").

CONSOLIDATED INCOME STATEMENTS

(All amounts in thousands of units of RMB unless otherwise stated)

	Note	Year ended 31 December 2012	Year ended 31 December 2011 (Restated)
Revenue	*4*	**9,134,054**	7,523,321
Less: Cost of sales	*4*	**(6,160,338)**	(4,614,417)
Taxes and surcharges	*5*	**(1,006,105)**	(816,782)
Selling and distribution expenses		**(278,207)**	(244,366)
General and administrative expenses		**(298,175)**	(292,295)
Financial income/(expenses) – net		**93,727**	(18,214)
Asset impairment losses		**(37,857)**	(9,104)
Add: Profit arising from changes in fair value		**359,760**	–
Investment income		**85,421**	141,807
Including: Share of profit of associates and joint ventures		**47,171**	140,489
Operating profit		**1,892,280**	1,669,950
Add: Non-operating income		**22,456**	13,681
Less: Non-operating expenses		**(15,750)**	(4,224)
Including: Losses on disposal of non-current assets		**(5)**	(54)
Total profit		**1,898,986**	1,679,407
Less: Income tax expenses	*6*	**(565,323)**	(455,852)
Net profit		**1,333,663**	1,223,555
Attributable to equity holders of the Company		**1,110,925**	998,578
Non-controlling interest		**222,738**	224,977
Earnings per share for profit attributable to the equity holders of the Company	*7*		
Basic earnings per share (RMB yuan)		**0.55**	0.49
Diluted earnings per share (RMB yuan)		**0.55**	0.49
Other comprehensive income/(loss)		**1,344,817**	(46,041)
Total comprehensive income		**2,678,480**	1,177,514
Attributable to equity holders of the Company		**2,455,742**	952,537
Non-controlling interest		**222,738**	224,977

CONSOLIDATED BALANCE SHEETS
(All amounts in thousands of units of RMB unless otherwise stated)

ASSETS	*Note*	**31 December 2012**	31 December 2011 (Restated)
Current assets			
Cash at bank and on hand		**8,616,773**	8,352,243
Accounts receivable	*9*	**34,876**	139,987
Advances to suppliers		**188,173**	231,596
Interest receivable		**545**	–
Dividends receivable		**97,247**	71,032
Other receivables	*9*	**3,107,251**	769,031
Inventories		**23,921,240**	22,568,908
Other current assets		**1,852,474**	811,378
Total current assets		**37,818,579**	32,944,175
Non-current assets			
Available-for-sale financial assets		**200,653**	112,480
Long-term receivables		**1,290,805**	824,167
Long-term equity investments		**1,699,896**	1,710,281
Investment properties		**5,674,242**	1,296,468
Fixed assets		**466,656**	500,916
Intangible assets		**41,651**	42,697
Long-term prepaid expenses		**1,626**	1,335
Deferred tax assets		**280,980**	188,913
Other non-current assets		**61,400**	172,770
Total non-current assets		**9,717,909**	4,850,027
TOTAL ASSETS		**47,536,488**	37,794,202

CONSOLIDATED BALANCE SHEETS (CONTINUED)
(All amounts in thousands of units of RMB unless otherwise stated)

LIABILITIES AND OWNERS' EQUITY	*Note*	31 December 2012	31 December 2011 (Restated)
Current liabilities			
Short-term borrowings		**540,600**	1,260,000
Notes payable		**16,300**	–
Accounts payable	*10*	**3,625,907**	2,813,588
Advances from customers		**7,729,216**	7,768,754
Employee benefits payable		**145,220**	121,355
Taxes payable		**1,990,195**	1,740,933
Interest payable		**108,587**	132,724
Dividends payable		**430,895**	884,747
Other payables		**2,926,413**	2,901,950
Current portion of non-current liabilities		**2,940,840**	3,581,522
Other non-current liabilities		**1,368,668**	–
Total current liabilities		**21,822,841**	21,205,573
Non-current liabilities			
Long-term borrowings		**10,968,893**	5,999,287
Debentures payable		**4,108,020**	2,134,974
Deferred tax liabilities		**633,723**	143,050
Total non-current liabilities		**15,710,636**	8,277,311
Total liabilities		**37,533,477**	29,482,884
Owners' equity			
Paid-in capital		**2,027,960**	2,027,960
Capital surplus		**2,226,409**	1,081,696
Surplus reserve		**341,768**	338,540
Undistributed profits		**3,022,039**	2,299,654
Difference on translation of foreign currency financial statements		**(1,615)**	2,638
Total equity attributable to equity holders of the Company		**7,616,561**	5,750,488
Non-controlling interest		**2,386,450**	2,560,830
Total owners' equity		**10,003,011**	8,311,318
TOTAL LIABILITIES AND OWNERS' EQUITY		**47,536,488**	37,794,202

(All amounts in thousands of units of RMB unless otherwise stated)

NOTES:

(1). Basis of preparation of financial statements

The consolidated financial statements have been prepared in accordance with the Basis Standard and 38 specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (herein collectively referred to as "the Accounting Standards for Business Enterprises" or "CAS").

(2). Significant changes in critical accounting policies

To more accurately reflect the value of investment properties held by the Group, enhance the comparability of financial information with the peers, assist the Company's management and investors to keep abreast of the financial condition of the Group on a timely basis, the Group has changed the accounting treatment for investment properties from the cost model to the fair value model with effect from 27 December 2012 and the Board approved the change of accounting treatment of investment properties. The Group has adopted this amendment retrospectively and the effects of adoption of consolidated balance sheets and consolidated income statements are disclosed as follows.

Influence on Consolidated Balance Sheets	**31 December 2012**	31 December 2011	1 January 2011
Increase in long-term equity investments	**104,395**	83,084	39,568
Increase in investment properties	**2,120,345**	–	–
Increase in deferred tax liabilities	**530,086**	–	–
Increase in capital surplus	**1,320,439**	–	–
Increase in surplus reserve	**10,440**	8,309	3,957
Increase in undistributed profits	**363,775**	74,775	35,611

Influence on Consolidated Income Statements	**2012**	2011
Increase in investment income	**21,311**	43,516
Increase in income tax expense	**89,940**	–
Increase in profit arising from changes in fair value	**359,760**	–
Increase in basic earnings per share *(RMB yuan)*	**0.14**	0.02
Increase in diluted earnings per share *(RMB yuan)*	**0.14**	0.02

(3) Segment information

The reportable segments of the Group are the business units that provide different products or service, or operate in different areas. Different businesses or areas require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and valuates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

(All amounts in thousands of units of RMB unless otherwise stated)

The Group identified 6 reportable segments as follows:

– Beijing region, which is mainly engaged in the property development and sales in Beijing region.

– Tianjin region, which is mainly engaged in the property development and sales in Tianjin region.

– Chengyu region, which is mainly engaged in the property development and sales in Chengyu region.

– Other regions, which are mainly engaged in the property development and sales in other regions, including Wuxi, Shenyang, Xi'an, Foshan, Huzhou and so on.

– Investment property division, which is mainly engaged in the investment property operations.

– Hotel operations, which are mainly engaged in hotel business and provide corresponding services.

Inter-segment transfers are measured by reference to sales to third parties. Expenses indirectly attributable to each segment are allocated to the segments based on the proportion of each segment's revenue.

Segment information for the year ended 31 December 2012 is as follows:

	Property development								
	Beijing *RMB'000*	**Tianjin** *RMB'000*	**Chengyu** *RMB'000*	**Others** *RMB'000*	**Investment Property** *RMB'000*	**Hotel Operations** *RMB'000*	**Unallocated** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Revenue from external customers	**3,983,155**	**1,575,123**	**2,056,181**	**1,277,006**	**–**	**107,188**	**135,401**	**–**	**9,134,054**
Inter-segment revenue	**–**	**–**	**–**	**89,109**	**–**	**–**	**–**	**(89,109)**	**–**
Interest income	**102,799**	**32,836**	**36,520**	**236,024**	**–**	**159**	**271,981**	**(444,874)**	**235,445**
Interest expenses	**(223,321)**	**–**	**(8,952)**	**(281,909)**	**–**	**(24,010)**	**(209,418)**	**594,013**	**(153,597)**
Share of (loss)/profit of associates and joint ventures	**(5,987)**	**12,269**	**–**	**18,274**	**22,615**	**–**	**–**	**–**	**47,171**
Asset impairment losses	**(10,368)**	**–**	**–**	**(27,489)**	**–**	**–**	**–**	**–**	**(37,857)**
Depreciation and amortization	**4,271**	**615**	**559**	**6,380**	**–**	**25,823**	**5,683**	**–**	**43,331**
Total profit/(loss)	**1,033,517**	**255,784**	**338,279**	**40,739**	**359,760**	**(23,298)**	**40,926**	**(146,721)**	**1,898,986**
Income tax expenses	**(296,848)**	**(63,948)**	**(83,603)**	**(14,152)**	**(89,940)**	**–**	**(8,647)**	**(8,185)**	**(565,323)**
Net profit/(loss)	**736,669**	**191,836**	**254,676**	**26,587**	**269,820**	**(23,298)**	**32,279**	**(154,906)**	**1,333,663**
Total assets	**19,600,939**	**10,871,312**	**8,148,119**	**33,256,713**	**5,822,577**	**563,965**	**16,199,515**	**(46,926,652)**	**47,536,488**
Long-term equity investments on associates and joint ventures	**133,647**	**565,921**	**–**	**851,993**	**148,335**	**–**	**–**	**–**	**1,699,896**
Additions to non-current assets other than long-term equity investments	**1,571**	**155**	**698**	**4,825**	**2,962,033**	**358**	**2,731**	**–**	**2,972,371**

For the year of 2012, no revenue from a single significant customer or foreign customers is generated in the above segments.

As at 31 December 2012, the Group has no non-current assets that are located in other countries.

(All amounts in thousands of units of RMB unless otherwise stated)

Segment information for the year ended 31 December 2011 is as follows:

	Property development								
	Beijing *RMB'000*	Tianjin *RMB'000*	Chengyu *RMB'000*	Others *RMB'000*	Investment Property *RMB'000*	Hotel Operations *RMB'000*	Unallocated *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue from external customers	3,153,273	3,183,075	821,900	262,531	–	102,542	–	–	7,523,321
Inter-segment revenue	–	–	–	69,550	–	–	–	(69,550)	–
Interest income	95,077	87,476	41,103	84,872	–	214	337,322	(567,849)	78,215
Interest expenses	(186,098)	(73,508)	(6,131)	(139,440)	–	(13,008)	(270,922)	626,552	(62,555)
Share of profit of associates and joint ventures	–	2,253	–	88,619	49,617	–	–	–	140,489
Asset impairment losses	(9,104)	–	–	–	–	–	–	–	(9,104)
Depreciation amortization	(4,612)	(442)	(749)	(4,759)	–	(25,883)	(6,222)	–	(42,667)
Total profit/(loss)	683,750	663,752	164,471	73,459	–	(15,295)	69,270	40,000	1,679,407
Income tax expenses	(226,761)	(163,608)	(39,543)	(9,143)	–	–	(6,797)	(10,000)	(455,852)
Net profit/(loss)	456,989	500,144	124,928	64,316	–	(15,295)	62,473	30,000	1,223,555
Total assets	21,483,801	8,586,513	6,546,569	23,263,733	1,422,188	586,175	18,621,612	(42,716,389)	37,794,202
Long-term equity investment on associates and joint ventures	–	524,191	–	1,060,370	125,720	–	–	–	1,710,281
Additions to current assets other than Long-term equity investment	2,701	540	216	6,576	402,577	275	3,438	–	416,323

For the year of 2011, no revenue from a single significant customer or foreign customers is generated in the above segments.

As at 31 December 2011, the Group has no non-current assets that are located in other countries.

(4). Revenue and cost of sales

	2012	2011
Main operating revenue (a)	**9,081,078**	7,480,141
Other operating revenue (b)	**52,976**	43,180
Total	**9,134,054**	7,523,321

	2012	2011
Main operating cost (a)	**6,159,287**	4,613,997
Other operating cost (b)	**1,051**	420
Total	**6,160,338**	4,614,417

(All amounts in thousands of units of RMB unless otherwise stated)

(a) Revenue and cost of sales

	2012		2011	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Sale of properties and related consulting services	**8,973,890**	**6,058,985**	7,377,600	4,513,231
Hotel Services	**107,188**	**100,302**	102,541	100,766
Total	**9,081,078**	**6,159,287**	7,480,141	4,613,997

(b) Other operating revenue and cost

	2012		2011	
	Other operating revenue	**Other operating cost**	Other operating revenue	Other operating cost
Leasing and other operations	**52,976**	**1,051**	43,180	420

(5). Tax and surcharges

	2012	2011
Business tax	**484,620**	416,331
Land Appreciation Tax	**468,659**	365,051
Others	**52,826**	35,400
Total	**1,006,105**	816,782

(6). Income tax expenses

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for Year 2012 (2011: nil).

The amount of taxation charged to the consolidated income statement represents:

	2012	2011
Current income tax	**543,476**	473,339
Deferred income tax	**21,847**	(17,487)
Total	**565,323**	455,852

(All amounts in thousands of units of RMB unless otherwise stated)

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

	2012	2011
Total profit	**1,898,986**	1,679,407
Income tax expenses calculated at applicable tax rates (25%)	**474,747**	419,852
Share of profits less losses of joint ventures and associates	**(11,792)**	(35,122)
Expenses, costs and losses not deductible for tax purposes	**10,379**	11,272
Tax losses for which no deferred income tax asset was recognised	**62,293**	59,850
Provisions for which no deferred income tax asset was recognised	**2,108**	–
Impact attributable to the lower withholding income tax rate	**10,826**	–
Others	**16,762**	–
Income tax expenses	**565,323**	455,852

(7). Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period.

	2012	2011
Profit attributable to equity holders of the Company	**1,110,925**	998,578
Weighted average number of shares in issue (thousands)	**2,027,960**	2,027,960
Basic earnings per share (RMB cents per share)	**55**	49
Including:		
– Basic earnings per share relating to continuing operation	**55**	49
– Basic earnings per share relating to discontinue operation	**–**	–

Diluted earnings per share are equal to the basic earnings per share since the Company has no dilutive potential shares during the year.

(All amounts in thousands of units of RMB unless otherwise stated)

(8) Dividends

	Year ended 31 December	
	2012	2011
Dividends proposed but not declared	**324,474**	385,312
Total proposed dividends in the year	**385,312**	365,033

As at 31 December 2012, included in the undistributed profits, RMB718,173,000 is subsidiaries' surplus reserve attributable to the Company (2011: RMB642,523,000), of which RMB75,650,000 is appropriated for the current year (2011: RMB238,378,000).

In accordance with the resolution at Shareholders' meeting held on 9 May 2011, the Company proposed a cash dividend of the year 2010 in the amount of RMB0.18 to the shareholders, amounting to RMB365,033,000 calculated by issued shares of 2,027,960,000.

In accordance with the resolution at Shareholders' meeting held on 26 April 2012, the Company proposed a cash dividend of the year 2011 in the amount of RMB0.19 to the shareholders, amounting to RMB 385,312,000 calculated by issued shares of 2,027,960,000.

A final dividend for the year ended 31 December 2012 of RMB 0.16 per ordinary share, amounting to a total dividend of approximately RMB324,474,000, was proposed at the Board meeting held on 28 February 2013. Such dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting on 17 April 2013.

(9). Accounts receivable and other receivables

(a) Accounts receivable

	31 December 2012	31 December 2011
Accounts receivables	**41,876**	143,831
Less: provision for bad debts	**(7,000)**	(3,844)
Receivables – net	**34,876**	139,987

Most sales of the Group are in form of cash and advanced payment, other sales are collected subject to the agreed terms on sales contract.

(All amounts in thousands of units of RMB unless otherwise stated)

The aging analysis of the accounts receivables are as follows:

	31 December 2012	31 December 2011
Within 1 year	**19,789**	64,457
1 to 2 years	**13,880**	71,701
2 to 3 years	**1,000**	–
Over 3 years	**7,207**	7,673
Total	**41,876**	143,831

(b) Other receivables

	31 December 2012	31 December 2011
Amounts due from joint ventures	**298,884**	164,500
Amounts due from associates	**3,852**	34,089
Land deposit and other guarantee deposits	**324,212**	417,194
Property agency fees and other receivables due from Zirui Xinli	**–**	13,873
Receivables from primary land development	**1,547,656**	–
Consideration receivables from transfer of shares in associates	**17,511**	–
Others	**961,774**	178,801
Total	**3,153,889**	808,457
Less: provisions for bad debts	**(46,638)**	(39,426)
Receivables – net	**3,107,251**	769,031

The analysis of other receivables and related provisions for bad debts are as follows:

	31 December 2012				31 December 2011			
	Amount	**% of total balance %**	**Provision**	**% of the provision %**	Amount	% of total balance %	Provision	% of the provision %
Within 1 year	**2,847,947**	**90**	**–**	**–**	573,836	71	–	–
1 to 2 years	**197,901**	**6**	**–**	**–**	183,524	23	–	–
2 to 3 years	**59,977**	**2**	**–**	**–**	11,469	1	–	–
Over 3 years	**48,064**	**2**	**(46,638)**	**97**	39,628	5	(39,426)	99
Total	**3,153,889**	**100**	**(46,638)**	**1**	808,457	100	(39,426)	5

(All amounts in thousands of units of RMB unless otherwise stated)

(10). Accounts payable

The aging analysis of accounts payable is as follows:

	31 December 2012	31 December 2011
Within 1 year	**3,009,670**	2,752,337
Over 1 year	**616,237**	61,251
Total	**3,625,907**	2,813,588

(11). Net current assets

	31 December 2012	31 December 2011
Current assets	**37,818,579**	32,944,175
Less: Current liabilities	**(21,822,841)**	(21,205,573)
Net current assets	**15,995,738**	11,738,602

(12). Total assets less current liabilities

	31 December 2012	31 December 2011
Total assets	**47,536,488**	37,794,202
Less: Current liabilities	**(21,822,841)**	(21,205,573)
Total assets less current liabilities	**25,713,647**	16,588,629

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2012, the Group's revenue reached RMB9,134,054,000, representing an increase of 21% when compared with that of the previous year. Operating profit amounted to RMB1,892,280,000, up 13% year on year. Net profit attributable to equity holders reached RMB1,110,925,000, representing an increase of 11% when compared with that of the previous year. Basic earnings per share amounted to RMB0.55, representing an increase of 12% when compared with that of the previous year. The Board has resolved to recommend payment of a final dividend for the year ended 31 December 2012 of RMB0.16 per share (before tax) (2011: RMB0.19 per share).

During the year under review, the Group scored significant breakthroughs in relation to operation and management in the following areas:

1. Innovative "Residential +" development model delivers solid results

- The Group joined forces with China CYTS Tours Holding Co., Limited (CYTS) to acquire a tourism development project in Jinxi of Kunshan. Capitalising on the resources and experiences of both enterprises which complemented each other, the project has seen its value on the rise progressively, and representing an important step forward in evolving into a new business model for the Group.

- The Group's overseas expansion strategy began to take shape following signing of an agreement to reserve a land plot for acquisition with the local government of Châteauroux of France, making inroads into a new business model of "Park + Property". Development of the project and engagement for other business partners all progressed smoothly.

- With regards to elderly-care property development, the Group teamed up with ECON Medicare Centre, a service provider of nursing home in Singapore, to develop an elderly-care property development project in Xiangmi Lake of Qingdao.

- As for integrated property development and education projects, the Group achieved substantial results with signing of a strategic cooperation agreement with Haileybury, an international school from Australia.

2. **Upgrades in full-service value chain; three key management platforms increasingly improved**

- Gradually established a "Comprehensive and professional standardised platform" for project development, thus facilitating the Group's efforts in developing its own signature products. In 2012, the Group completed planning and adaptation of a product series for luxury houses and villas.

- An "Open-style customer relationship management (CRM)" was basically completed. Adhering to the "total value, total life" principle, VIP centres were established in Beijing, Shenyang, Qingdao, Chengdu, Chongqing, Xi'an and Tianjin in 2012. Together with the 400 call centres and over 30 showrooms across the country, the Group had established an extensive network to reach its customers.

- An "Information management platform", or an enterprise resource planning (EPR) system, was being developed to streamline company wide operations and cost control. Built on existing information systems, the system had been completed and composed of integrated functions including finance, portfolio, inventory and sales.

3. **Restructuring and optimization of property portfolio to speed up the development of commercial properties**

- In 2012, the Group strategically acquired equity interests from participating in co-development of the Beijing and Huzhou Outlets projects, and disposed of its equity interest in the Foshan Outlets project. Optimising restructuring in ownerships enabled the Group to concentrate its resources on traditional markets where it enjoys competitive advantages, thus speeding up the development of commercial properties.

- The rental spaces at Beijing Outlets, scheduled to open in May 2013 for trial run, were taken up smoothly. Meanwhile, Huzhou and Hainan Outlets have started up for rental comprehensively.

- In order to speed up development of the outlet business model and gain most out of mixed-use developments, the Group acquired the Kunshan Outlets project, which comprises approximately 1.02 million sq. m. in gross floor area. This acquisition has strengthened the Group's countrywide development strategy for the Outlets Residential integrated projects.

- The Group had begun works on a new branding strategy, corporate identity design, standardization of marketing and promotion plans for its projects. By working with internationally renowned investors, business operators and property developers, the Group achieved effectiveness in deployment of resources, so as to establish an international image for BCL's Outlets brand.

4. Breakthroughs in securing international credit ratings; embracing innovative financing channels

- After being rated Ba2 by Moody's and BB+ by Fitch, the Group successfully completed a RMB2 billion three-year 7.60% guaranteed offshore bond issue, which was well received by investors and was over 10 times subscribed. The deal was named by Bloomberg Businessweek a benchmark transaction deal for dim sum bonds in 2012.

- The establishment of BCL's first property fund, "BCL-CRE Joint Property Investment Fund", marked a breakthrough in the Group's co-operations with investment houses in managing property funds. The scale of assets under management (AUM) of the fund in the first phase reached approximately RMB1 billion, of which RMB800 million was raised from the public. The capital raised from this property fund helped finance the further expansion of BCL, accelerating its migration into an "asset-light model".

- Co-operation with large-scale domestic and foreign financial institutions, such as China Development Bank and HSBC, was enhanced. The Group obtained loans of RMB2.1 billion and RMB500 million for primary development of the Zhaoquanying Project in Shuanyi and Jinhaihu Project in Pinggu in Beijing respectively. The Group also collaborated with HSBC twice on overseas bond issuances and obtained loans from local banks, thus further enhancing its relationship with financial partners.

5. Risk management strengthened through establishing an internal control system

- To cope with changes in the operational strategies and management models, the Group established an internal control system that consists of 20 items under five major categories – internal operation management, risk management, control of business activities, information exchange and internal supervision. The Group compiled a "Corporate Risk Control System" based on requirement of its risk management and internal audit function and incorporating with the industry's best practices in order to develop risk control points.

- Based on principles of prevention, control and monitoring, a series of risk management measures and inspection tailored to the Group's strategies and operations was enacted. The measures included: strengthening legal risk prevention, strengthening the authorisation management and authorisation systems, strengthening the management of the newly formed top-tier enterprise system, continuously optimising business processes and implement examination, and strengthening the cost control.

PROPERTY DEVELOPMENT

The Group, together with its joint ventures and associated companies, has completed construction of gross floor area aggregating approximately 1,571,759 sq. m., representing an increase of 17.6% when compared to that of the previous year.

Projects Completed in 2012

Project	Approximate GFA *(sq. m.)*	Type	Attributable Interest
Beijing Urban Town	66,894	Commercial/ Office	100%
Beijing Ballet Town	224,310	Residential/ Commercial	100%
Beijing Landscape Villa	62,257	Residential	100%
Tianjin First City	203,980	Residential	55%
Tianjin Landing House	131,634	Residential	40%
Tianjin Noble City	59,017	Residential	40%
Chengdu First City	126,865	Residential	100%
Chengdu Cittá Villa	172,686	Residential	55%
Wuxi Gentle House	99,926	Residential	100%
Wuxi Joyous House	107,058	Residential	100%
Chongqing Hong'en International Living District	183,703	Residential	50%
Qingdao Central Park No. 1	38,354	Residential	100%
Qingdao Sunny Xiangmi Lake	46,445	Residential	100%
Yantai Sunny Chief Yard	48,630	Residential	100%
Total	1,571,759		

SALES PERFORMANCE

Project	Approximate Contracted Sales Area *(sq. m.)*	Approximate Contracted Average Selling Price *(RMB/sq. m.)*	Approximate Contracted Sales Revenue *(RMB'000)*
Residential (Beijing and Tianjin)	**475,650**	**10,436**	**4,964,040**
The Reflections, Beijing	2,630	53,167	139,828
Beijing Xanadu	4,260	61,690	262,799
Urban Town, Beijing	1,993	36,777	73,296
Beijing Ballet Town	35,459	14,743	522,767
Beijing Novocity	27,838	15,454	430,218
Beijing Landscape Villa	38,210	9,561	365,324
Tianjin First City	69,659	8,155	568,101
Tianjin Noble City	31,909	9,079	289,695
Tianjin Fortune City	38,014	11,234	427,064
Tianjin A-Z Town	121,017	7,870	952,357
Tianjin Landing House	50,580	8,686	439,345
Tianjin International Peninsula	39,114	8,958	350,376
Tianjin Mangrove Bay	14,967	9,546	142,870
Residential (Outside Beijing and Tianjin)	**1,068,127**	**6,071**	**6,484,726**
Chengdu A-Z Town	157	10,834	1,701
Chengdu First City	15,203	6,964	105,868
Chengdu Cittá Villa	91,201	4,997	455,724
Chengdu Wanjuanshan	189,703	4,976	943,930
Shenyang First City	152,355	6,373	970,968
Shenyang Qipan Hills First Villa	3,316	13,176	43,692
Wuxi Gentle House	5,113	7,413	37,901
Wuxi Joyous House	68,444	7,232	494,973
Jiangyin Auspicious House	1,109	8,677	9,623
Zhenjiang Joyous House	90,638	5,288	479,312
Xi'an First City	108,113	5,907	638,622
Hong'en International Living District	181,180	6,698	1,213,607
Qingdao Central Park No.1	44,319	6,703	297,082
Qingdao Sunny Xiangmi Lake	39,123	6,873	268,879
Yantai Sunny Chief Yard	61,756	6,107	377,115
Hainan Ballet Town	16,397	8,888	145,729
Commercial	**164,520**	**10,588**	**1,741,996**
Beijing Urban Town	12,677	34,209	433,664
Wuxi Gentle House	770	7,090	5,459
Xi'an First City	111,673	8,392	937,116
Qingdao Sunny Xiangmi Lake	638	11,732	7,485
Yantai Sunny Chief Yard	1,773	10,998	19,500
Qingdao Airport International Centre	33,237	8,935	296,976
Beijing A-Z TOWN	1,351	13,990	18,900
Tianjin Butchart Garden	2,401	9,536	22,896
Car Parking Space	**17,145**	**3,749**	**64,280**
Total	**1,725,442**	**7,682**	**13,255,042**

In 2012, austerity measures for the property market remained tight. Yet, with stable economic growth brought about by the moderate monetary policies, the country's property market sustained steady growth. Sales of major property developers increased substantially and market concentration became more pronounced. In terms of transaction volume in major cities, backed by the stable economy, moderate monetary policies and the positive market outlook for 2012, sales in first and second-tier cities improved significantly, as the pent-up demand suppressed by cooling measures mainly targeted at large cities was released. While the austerity policies had a moderate impact in third and fourth-tier cities, demand was relatively stable in 2012. Following a rapid expansion phase in the past few years, demand in those cities was experiencing a down cycle. Throughout the year, due to purchase restriction policy, demand was mainly driven by owner-occupier demand from first-time buyers. In the second half of the year, demand from buyers looking at improvements in living conditions emerged, driving steady growth in transaction prices.

In 2012, as the policy environment resumed normal, the Group looked closely at changes in the market and adhered to a strategy of "maximising scale, accelerating turnover, clearing inventory and optimising business structure". Satisfactory sales performance was achieved through launching successful marketing campaigns and continuously optimising the product structure by increasing the proportion of small and medium-sized homes targeting at owner-occupier buyers. During the year, the Group, together with its joint ventures and associates, recorded contracted sales area aggregating 1.73 million sq. m., up 46% from the previous year, of which contracted sales area of residential properties aggregated 1.54 million sq. m.. Contracted sales amounted to approximately RMB13.3 billion, up 20% from the previous year, of which approximately RMB11.4 billion was generated from sale of residential properties.

2013 marked the 10th anniversary of the Company's listing on The Stock Exchange of Hong Kong. The Group has achieved steady and healthy growth in the past decade. With rapid sales growth achieved by leading property enterprises, the industry gradually enters into an era of oligopolistic competition. A breakthrough in business scale is needed urgently as a response to the intensifying market competition. Thus, in 2013, achieving a breakthrough in business scale is the Group's prime target. With full support rendered in all aspects, including financing, land acquisition, construction, sales and customer services, the Group aspires to achieve an annual contracted sales target of over RMB20 billion. In 2013, all of the Group's projects in the 15 cities across the country will be launched for sale to the market. The number of new projects for sale will increase to more than 40 from 32, with gross floor area aggregated approximately 4 million sq. m.. More than 80% of these projects are located in first and second-tier cities where the property markets are recovering rapidly. An increase in supply of new projects in prime locations will assist the Group achieve its sales target.

HOTEL OPERATIONS

During the year, Holiday Inn Central Plaza continued improvements in service quality, explored customer sources and maintained stable operation and management. As at 31 December 2012, revenue from the hotel operation amounted to approximately RMB107,188,000, at about the same level as 2011. The average occupancy rate was approximately 74%, up 6 percentage points.

LAND BANK

In the second half of 2012, the country's pent-up demand for housing was gradually released. This enabled property developers to generate revenue from sales more quickly and accumulate adequate capital to reinvest in their future developments. Major property developers stepped up investments in land reserves, helping the land market recovered gradually. In particular, both the volume and prices of land transactions rebounded significantly in first and second-tier cities. The momentum of this development is expected to continue in 2013. Competition will be especially intense for land plots earmarked for property development to satisfy owner-occupier demand for basic housing in first and second-tier cities.

In 2012, the Company made use of its solid financial position and strength to grow its high quality land bank by 2.86 million sq. m. through tenders, acquisitions of project companies and joint development with an aim to satisfy its demand for land in its future development.

As at 31 December 2012, the Group's land bank had aggregate GFA of 9.52 million sq. m. (of which, GFA attributable to the Group's equity interests aggregated 7.48 million sq. m.) with above-the-ground GFA aggregated 8.38 million sq. m. (of which, above-the-ground GFA attributable to the Group's equity interests was 6.69 million sq. m.). Of the total GFA of the land bank, approximately 69% was for residential projects, 14% for commercial projects, 4% for office use, 2% for hotels and 11% for car parks and other uses. The existing land bank is of an optimum scale and is sufficient for the Group's development in the coming three to four years.

Moreover, the Group obtained primary land development rights over land plots of 7,000 mu in aggregate site area. The land plots has GFA aggregating more than 3 million sq. m., scattering in the Tianjin Wuqing Project, the Beijing Shunyi Zhaoquanying Project and the Beijing Pinggu Jinhaihu Project, etc. In 2012, the Group achieved a breakthrough in its primary land development business as it recruited Haileybury College of Australia as a tenant in its Tianjin Wuqing Project with steady progresses had been made for the transaction. Resettlement and demolition works in the Beijing Shunyi Zhaoquanying Project were completed, in which the project site is located at District C of Beijing Airport Economic Development Zone and close to Beijing-Chengde Expressway. The Group expected that sizeable high-quality land reserves would be obtained from the project.

New projects acquired in 2012

Cities	Projects	Site Area of lands *('0000 sq. m.)*	Above-the-ground GFA *('0000 sq. m.)*	Equity interests in the projects
Huzhou	Ren Huang Shan Project	5.4	11.5	55%
Beijing	Fangshan Changyang Site No.4 Project	9.0	17.4	100%
Kunshan	Outlets Project	44.8	101.9	100%
Kunshan	Jinxi Township Project	55.0	37.0	51%
Qinhuangdao	Golden Coast Project in Changli	71.8	50.3	60%
Tianjin	Mangrove Bay	5.4	10.7	90%
Shenyang	Shenzhong Street Project	19.4	57.7	100%
Subtotal		**210.8**	**286.5**	

In 2013, the Group will continue to grow its land bank through exploiting synergies with the infrastructure businesses of its parent company and with its first-mover advantage in primary land development. Meanwhile, it will focus on markets where it enjoys competitive advantages while reinforcing its position in matured markets in first and second-tier cities. In order to avoid scattered investment, it will increase its investments in cities including Beijing, Tianjin, Chengdu, Shenyang, Xi'an, Chongqing and the Yangtze River Delta Region. In order to achieve breakthroughs in sales volume, the Group will focus on projects targeting at owner-occupier demand which features short construction time, better affordability and rapid turnover.

In January 2013, the Group won tenders for property development projects in the Li Ze Business District of Feng Tai Area of Beijing, Tianjin Eco-city and Chongqing Xiyong Business District. Beijing Li Ze Business District, which is located on the West Second Ring Road, will be developed into a financial hub, according to Beijing Municipal Government's plan. The Li Ze Business District Project, which will be a high-end integrated urban project above the metro station at Beijing's hub, will enhance the Group's influence in the Beijing market. The project have planned gross floor area aggregating 490,000 sq. m. and occupies an above-the-ground GFA of 380,000 sq. m.. The Tianjin Eco-city project is situated at the centre of the Qibu District of the Sino-Singapore Tianjin Eco-city and next to a branch of Tianjin Foreign Studies University and the National Animation Industry Park. The project have planned gross floor area aggregating 170,000 sq. m. and occupies an above-the-ground GFA of 130,000 sq. m.. The Chongqing Xiyong Business District Project is located at the core area of the Xiyong Business District and is between Chongqing University and Chongqing's main city area. The project have planned gross floor area aggregating 490,000 sq. m. and occupies an above-the-ground GFA of 390,000 sq. m..

As at 31 January 2013, the Group land bank had gross floor area aggregating 10.67 million sq. m. (of which, GFA attributable to the Group's equity interests aggregated 8.63 million sq. m.) and a total above-the-ground GFA of 9.28 million sq. m. (of which, total above-the-ground GFA attributable to the Group's equity interests was 7.60 million sq. m.).

HUMAN RESOURCES

As at December 31, 2012, the Group had a professional team of 1,345 staff aged 32.7 years on average. In terms of education, 79.3% of the employees were graduates with bachelor degrees or above, of which 12.4% had master's degrees or above. Of the total number of staff, employees at the middle to senior levels accounted for 27.5%.

In 2012, the Group enacted a reform of its organizational structure, improved its management style and revitalized itself in order to enhance its capability to implement the strategy of "value-focused business operation", reinforced its competitive advantages in the well-developed businesses and explored new businesses. As the businesses became more diverse and its staff headcount expanded, the Group strived to develop a coherent corporate culture to enhance solidarity of its staff in pursuing corporate goals. In order to serve the needs of the Group's development, programs were introduced to train members of the senior and middle managements in new businesses, enhance their leadership skills, and set role models of management. Training in different businesses and job rotations were provided for the junior management, core professional staff and young employees with high potential. Meanwhile, efforts were made to recruit talents for different lines of businesses with an aim to build a team with international visions, professionalism and diversities of capabilities. The Group actively reformed its incentive schemes with a view to giving and sharing rewards in a fair manner. This was in line with investors' drive to maximize returns on investments.

BUSINESS MODEL

The Group aspires to be the best integrated property developer in China. To achieve this goal, the Group will enhance its overall capabilities in operating its four business lines into mid-priced and high-end residential property developments, integrated residential and commercial complex, primary land development and possession of core investment properties for rental income. It will also exploit synergies among the four business lines, control the land costs effectively, develop more integrated property projects with high potential for appreciation, achieve breakthroughs in business scale, and raise the operating efficiency.

- **Development of mid-priced and high-end residential properties:** The Group will mainly focus on developing quality residential projects along the lines of the metro railway. It will keep speeding up the turnover of the projects and increasing the sales volume through standardization and optimization of product mix.

- **Exploring integrated projects of newly residential and commercial complex:** The Group will continue to develop integrated residential projects with distinctive industry, especially the representative model of "Residential plus Outlets" in order to satisfy the diversified demands and the needs for upgraded housing. This will also enable appreciation of the lands and properties.

- **Primary land development:** The Group will take advantage of its synergy with the infrastructure business of its parent company by actively engaged in development and management of urban lands, enabling the appreciation of the land value and acquisition of quality land bank at a lower cost.

- **Possession of core investment properties for rental income:** The Group will select investment properties and integrated commercial projects in the core area of cities in order to enjoy the appreciation of the investment properties as well as to gradually build up an investment property portfolio for stable rental income.

Strategy and Prospects

Looking ahead, the owner-occupier demand will continue to drive property sales in major cities. There will be inflationary pressure in home prices in first-tier cities and some of the second-tier cities. In addition, the policies on a new type of urbanization are expected to create both new opportunities and challenges for the property sector. In order to benefit from the government's campaign to promote this new type of urbanization, property developers have to build infrastructural facilities in residential projects to cater to the needs of the service sectors, retail commerce and industries, etc. The property developers have to enhance their capabilities in project planning and professional standards. In addition, the Central Government's unrelenting policy to regulate the property sector and the expanding geographical coverage of the pilot scheme on property taxes will speed up the property sector's upgrade and innovative developments. As a result, more integrated property projects and more diverse types of housing will emerge in the market.

In view of these developments, the Group will take the following development strategies in 2013:

- Continue to optimize the product mix by raising the proportion of housing that satisfies the owner-occupier demand. The Group strived to speed up the turnover from pre-sales in the year when the Group acquired land plots for property development, ensuring that the Group achieves its sales target of RMB20 billion in the year.

- Focus on the economically vibrant areas where the Group enjoys a competitive advantage. The Group will reinforce its market leadership and grow its market shares in Beijing, Tianjin, Chengdu and Chongqing, and grow its land bank for property projects that target at owner-occupier demand. It will also exploit synergies with its parent company Capital Group and acquire land at lower costs by various means such as pre-application, linking the primary and secondary land developments, integrated project development, merger and acquisition and joint development.

- Expand new lines of business through partnerships. This will enhance the Group's competitive strengths and its capabilities for developing and operating integrated urban projects. The Group will pursue a new model of property development that integrate residential properties with commercial properties or properties for service sectors. These projects will take the form of "Residence + Outlets", "Residence + Tourism" and "Residence + Education", etc. The Group will also expand its investment properties business in order to establish a source of steady rental income from properties rentals. It will develop property projects which will derive income from both rental and sales.

- Continue to pursue the "asset-light" business model and strengthen its capabilities in raising funds from overseas capital markets. The Group will proactively work to maintain and enhance its premium credit ratings. It will also optimize its assets and liabilities structure to increase liquidity so that it will be able to expand its business scale.

- Pursue reforms in management and use economic value-add (EVA) to evaluate the shareholder value for the Group's operations in major cities and its top-tier projects, aiming at improvement on the extent to which earnings of the Group exceed the minimum rate of return for its shareholders. They are part of the Group's strategy of expanding its business scale and enhancing its capability of creating and adding value in its business operations.

FINANCIAL ANALYSIS

1. Revenue and Operating Results

During the year 2012, the turnover of the Group was approximately RMB9,134,054,000 (2011: RMB7,523,321,000), representing an increase of 21% from the year 2011. Such increase in turnover was attributable to the increase in projects completed and occupied during the year, which included Urban Town, Ballet Town and Chongqing Hongensi Project.

During the year 2012, the Group achieved a gross margin after business tax of 27%, a decrease of 6 percentage point when comparing with 33% in 2011, being mainly attributable to a comparatively high gross margin generated by the projects like Xanadu and The Reflections and accounted for a large proportion of the turnover of the Group in year 2011.

During the year 2012, the operating profit of the Group was approximately RMB1,892,280,000 (2011: RMB1,669,950,000), representing an increase of approximately 13% from the year 2011.

2. Financial Resources, Liquidity and Liability Position

During the year under review, the Group maintained a healthy liquidity position and a reasonable appropriation of financial resources. As at 31 December 2012, the Group's total assets were RMB47,536,488,000 (2011: RMB37,794,202,000) and non-current assets were RMB9,717,909,000 (2011: RMB4,850,027,000) and the total liabilities were RMB37,533,477,000 (2011: RMB29,482,884,000) (of which, current liabilities were RMB21,822,841,000 (2011: RMB21,205,573,000) and non-current liabilities were RMB15,710,636,000 (2011: RMB8,277,311,000), and shareholder's equity reached RMB10,003,011,000 (2011: RMB8,311,318,000).

The Group is of sound liquidity and solvency. Current ratio of the Group as at 31 December 2012 was 1.73 (2011: 1.55).

As at 31 December 2012, the Group's cash and cash equivalents amounted to RMB8,616,773,000 (2011: RMB8,352,243,000), which represented sufficient cash flow for operations.

Bank and other borrowings and bonds of the Group as at 31 December 2012 amounted to RMB18,558,353,000 (2011: RMB12,975,783,000), of which the long-term borrowings and bonds amounted to RMB15,076,913,000 (2011: RMB8,134,261,000), which were mainly used to meet the capital requirements of the Group's property development projects.

As at 31 December 2012, US$46,600,000 (approximately RMB292,873,000) of the Group's bank borrowings came from Hong Kong and shall be repayable in U.S. Dollars.

As at 31 December 2012, the Group's net gearing ratio was 99% (2011: 56%). The net gearing ratio of the Group is calculated by the interest-bearing liabilities net of net cash and bank balances and then divided by total owners' equity.

3. Changes in major subsidiaries, joint ventures and associates

During the year, by acquiring shareholders' equity in Camellia Private Limited, the Group held 50% equity interests in Beijing Sunshine City Real Estate Development Co., Ltd. (北京陽光城房地產有限公司). Upon acquisition, the Group held 100% equity interests in Camellia Private Limited and Beijing Sunshine City Real Estate Development Co., Ltd. (北京陽光城房地產有限公司).

During the year, by acquiring shareholders' equity in Reco Hibiscus Private Limited, the Group held 45% equity interests in Beijing Anhua Shiji Real Estate Development Co., Ltd. (北京安華世紀房地產開發有限公司). Upon acquisition, the Group held 100% equity interests in Reco Hibiscus Private Limited and Beijing Anhua Shiji Real Estate Development Co., Ltd. (北京安華世紀房地產開發有限公司).

During the year, the Group signed an equity interests transfer agreement with Reco Ziyang Pte Ltd. (紫陽投資有限公司), pursuant to which the Group obtained 45% equity interests in Chengdu Capital Xinzi Real Estate Development Ltd. (成都首創新資置業有限公司). Upon acquisition, the Group held 100% equity interests in Chengdu Capital Xinzi Real Estate Development Ltd. (成都首創新資置業有限公司).

During the year, the Group signed an equity interests transfer agreement with Reco Ziyang Pte Ltd., pursuant to which the Group obtained 45% equity interests in Tianjin Xinchuang Land Ltd. (天津市新創置業有限公司). Upon acquisition, the Group held 100% equity interests in Tianjin Xinchuang Land Ltd. (天津市新創置業有限公司).

During the year, the Group signed equity interests transfer agreements with Leadluck Limited (領瑞有限公司), pursuant to which the Group obtained 40% equity interests in Zhejiang Hualong Real Estate Development Co., Ltd. (浙江華隆置業有限公司) and Zhejiang Shouxin Real Estate Development Co., Ltd. (浙江首信置業有限公司) respectively. Upon acquisition, the Group held 100% equity interests in Zhejiang Hualong Real Estate Development Co., Ltd. (浙江華隆置業有限公司) and Zhejiang Shouxin Real Estate Development Co., Ltd. (浙江首信置業有限公司).

During the year, the Group signed equity interests transfer agreements with Leadluck Limited (領瑞有限公司), pursuant to which the Group obtained 100% equity interests in Zhejiang Huisheng Real Estate Company Limited (浙江匯盛置業有限公司) and Zhejiang Outlets Real Estate Company Limited (浙江奧特萊斯置業有限公司) respectively.

During the year, the Group signed an equity interests transfer agreement with Beijing Zhong Nan Xing Ye Investment Co., Ltd. (北京中南興業投資有限公司) and an independent third party, pursuant to which the Group obtained 90% equity interests in Tianjin Shengtai Chengjia Rong He Cheng Shi Development Co., Ltd. (天津生態城嘉銘融合城市開發有限公司).

During the year, the Group jointly established a joint venture company, Huzhou Capital Rongcheng Real Estate Development Co., Ltd. (湖州首創榮城置業有限公司), with Zhejiang Rongshengda Holding Co., Ltd. (浙江榮升達控股有限公司). The Group held 55% equity interests.

Capital Guoxin Asset Management Co., Ltd. (首創國信資產管理有限公司), a subsidiary of the Group was incorporated in May 2012, and 100% of its equity interest was held by the Group.

Capital Qinglv Real Estate (Kunshan) Co., Ltd.（首創青旅置業（昆山）有限公司）, a subsidiary of the Group was incorporated in June 2012, and 51% of its equity interest were held by the Group.

During the year, the Group disposed 45% equity interests in a joint venture company, Hainan Dalecheng Real Estate Development Holding Ltd.（海南大樂城開發控股有限公司）. Upon disposal, the Group held 10% equity interests in Hainan Dalecheng Real Estate Development Holding Ltd.（海南大樂城開發控股有限公司）.

4. Entrusted Deposits and Overdue Time Deposits

As at 31 December 2012, the Group did not have any deposits under trusts in financial institutions in the PRC and Hong Kong. All of the Group's cash was held in commercial banks in the PRC and Hong Kong in accordance with applicable laws and regulations. The Group has no bank deposits which are not recoverable upon maturity.

5. Secured Borrowings

As at 31 December 2012, bank borrowings of RMB1,550,000,000 (2011: RMB2,550,000,000) were secured by rights to yields on certain land use rights (gains on transfer of the land use rights or other profit obtained from use of the related land use rights).

As at 31 December 2012, bank borrowings of RMB5,234,960,000 (2011: RMB4,188,880,000) were secured by certain properties under development.

As at 31 December 2012, bank borrowings of RMB362,877,000 (2011: RMB393,234,000) were secured by the hotel properties and the land use rights.

As at 31 December 2012, bank borrowings of RMB800,000,000 (2011: nil) were pledged by equity interests of subsidiaries held and guaranteed by the Group.

As at 31 December 2012, bank borrowings of RMB2,562,496,000 (2011: RMB360,193,000) were secured by the guarantee provided by the Group for its subsidiaries.

As at 31 December 2012, bank borrowings of RMB573,900,000 (2011: nil) were secured by the guarantee provided by the Group for its subsidiaries, and were pledged by land use rights of its subsidiaries.

As at 31 December 2012, bank borrowings of RMB307,500,000 (2011: RMB155,000,000) were secured by the primary land development rights and its corresponding equity and income right interest held by the Group.

As at 31 December 2012, bank borrowings of RMB314,000,000 (2011: RMB30,000,000) were credit loan obtained by the Group.

As at 31 December 2012, trust loans of RMB1,795,000,000 (2011: RMB500,000,000) were secured by the receivables of the Group due from subsidiaries, and guaranteed by the Group; trust loans of RMB400,000,000 (2011: RMB825,000,000) were secured by equity of subsidiaries owned by the Group, and trust loans of RMB449,600,000 (2011: RMB50,000,000) were trust loans guaranteed by the Group. Trust loans of RMB100,000,000 (2011: RMB nil) were secured by certain properties held for development and guaranteed by the Group.

6. Corporate Bonds

As at 31 December 2012, there was no early redemption of the corporate bonds of RMB4,108,020,000 in value which was issued by the Company, of which the 3-year bond of RMB1,150,000,000 at a coupon rate of 4.75% per year issued by BECL Investment Holding Limited in February 2011 was guaranteed by the Group. The 3-year bond of RMB2,000,000,000 at a coupon rate of 7.6% per year was issued by Central Plaza Development Ltd. in November 2012 and guaranteed by a subsidiary of the Group, International Financial Center Property Ltd.

7. Contingent Liabilities

The Group had arranged bank facilities for certain purchasers of its properties and provided guarantees to secure the repayment obligations of such purchasers. The outstanding balances of guarantees amounted to RMB4,447,031,000 as at 31 December 2012 (2011: RMB3,028,311,000).

Such guarantees will terminate upon (i) the issuance of the real estate ownership certificate which will generally be available within six months to two years after the Group deliver possession of the relevant property to its purchasers; (ii) the completion of the mortgage registration; and (iii) the issuance of the real estate miscellaneous right certificate relating to the relevant property.

As at 31 December 2012, other than guarantees provided for bank borrowings of RMB6,280,996,000 (2011: RMB910,193,000) and guarantee provided for the subsidiaries of the Group, BECL Investment Holding Limited and Central Plaza Development Ltd., for the issuance of corporate bonds of RMB3,150,000,000 (2011: RMB1,150,000,000), the Group had no other material external guarantee.

ENTERPRISE INCOME TAX WITHHOLDING OF OVERSEAS NON-RESIDENT ENTERPRISES

Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "PRC") and other relevant implementation regulations which come into effect in 2008, the Company is required to withhold corporate income tax at the rate of 10% when it distributes the proposed 2012 final dividend to non-resident enterprises (as defined in the Corporate Income Tax Law of the PRC) whose names are registered on the H-share register of members of the Company at 4:30 p.m. on Monday, 29 April 2013. Such non-resident enterprises shall include HKSCC Nominees Limited.

No withholding of corporate income tax will be made in respect of dividends payable to natural persons whose names are registered on the H-share register of members of the Company. All investors should consider the contents of this announcement carefully. The Company will withhold corporate income tax for payment pursuant to, and in accordance with, the relevant PRC tax laws and regulations and based on the information as appeared on the H-share register of members of the Company. The Company assumes no responsibility or liability whatsoever for confirming the identity of the Shareholders and for any claims arising from any delay in or inaccurate determination of the identity of the Shareholders or any dispute over the withholding mechanism.

CLOSURE OF REGISTER OF MEMBERS

(a) 2012 Annual General Meeting

The register of members will be closed from Thursday, 11 April 2013 to Wednesday, 17 April 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all transfer forms accompanied by the relevant share certificates of the H shareholders must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 10 April 2013.

(b) Proposed Final Dividend

The register of members will be closed from Tuesday, 23 April 2013 to Monday, 29 April 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates of the H shareholders must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 22 April 2013. It is expected that the final dividend, if approved by shareholders at the forthcoming annual general meeting, will be paid on or before the end of June 2013.

CORPORATE GOVERNANCE

During the period from 1 January 2012 to 31 March 2012 and from 1 April 2012 to 31 December 2012, the Company has complied respectively with all the code provisions of the "Code on Corporate Governance Practices" and "Corporate Governance Code", as set out in Appendix 14 to the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" (the "Listing Rules").

AUDIT COMMITTEE

The Group's Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Ng Yuk Keung (Chairman of the Audit Committee), Mr. Li Zhaojie and Mr. Wang Hong. The committee members performed their duties within written terms of reference formulated by the Company which includes duties set out in the code provision C.3.3 (a) to (n) of the Corporate Governance Code.

The Group's results for the year ended 31 December 2012 have been reviewed by the Company's Audit Committee with a recommendation to the Board for approval.

THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions (the "Model Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save as disclosed below in paragraph headed "Long Term Incentive Fund Scheme", neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year under review.

LONG TERM INCENTIVE FUND SCHEME

On 27 September 2007, the Company had adopted the long term incentive fund scheme (the "Scheme") which was subsequently amended on 25 September 2009. The Scheme is proposed to encourage the directors, supervisors, senior management and core staff members of the Company for closer ties of their personal interests with the interests of the Company and of the shareholders, as well as for alignment of their personal goals with the common goal of the Company.

As at 31 December 2012, the Scheme had through the trustee purchased 20,000,000 H shares, representing 1.96% of H shares and 0.99% of the entire issued share capital of the Company. The purchased shares have been held in trust by the trustee.

By Order of the Board
Beijing Capital Land Ltd.
Lee Sing Yeung Simon
Company Secretary

Hong Kong, 28 February 2013

The Board as of the date of this announcement comprises Mr. Liu Xiaoguang (Chairman), Mr. Tang Jun and Mr. Zhang Juxing who are the executive Directors, Mr. Feng Chunqin, Ms. Cao Guijie and Mr. Zhang Shengli who are the non-executive Directors, Mr. Li Zhaojie, Mr. Ng Yuk Keung and Mr. Wang Hong who are the independent non-executive Directors.