

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Announcement of 2012 Annual Results

RESULTS HIGHLIGHTS

- **Record high sales results.** In 2012, the aggregate contracted sales value amounted to approximately RMB12.3 billion (an increase of 35.9% over the previous year) and the aggregate contracted sales GFA reached approximately 1,035,200 sq.m. (an increase of 70.1% over the previous year), representing 123% and 108% of the full-year targets of no less than RMB10 billion and 960,000 sq.m., respectively. As of the end of 2012, the Group had properties sold but not yet recognized of approximately RMB11.8 billion, of which approximately RMB8.5 billion is expected to be recognized in 2013, laying a solid foundation for the 2013 results.
- **Innovative development model.** Guangzhou International Finance Center (“Guangzhou IFC”), the Group’s premium commercial project, was successfully injected into Yuexiu Real Estate Investment Trust (“Yuexiu REIT”), bringing approximately RMB4.9 billion of cash inflow to the Group, and reducing approximately RMB4.5 billion from bank borrowings. The net gearing ratio as a result decreased significantly. Leveraging on the unique interaction platform of “Yuexiu Property + Yuexiu REIT”, an innovative development model of “DOS” (Development, Operation and Securitization) was established, which shortened the payback period of investment in commercial properties and accelerated capital turnover.
- **Diversified financing channels.** In January 2013, We have successfully issued US\$350 million 3.25% 5-year unsecured senior notes and US\$500 million 4.5% 10-year unsecured senior notes for the first time. These notes were rated BBB- by Fitch and Baa3 by Moody’s, making us amongst one of the only three Hong Kong listed enterprises engaging in mainland property business with investment-grade ratings granted by these two rating agencies.

- **Deepened our footprints in the PRC.** We captured opportunities in the land market, we invested approximately RMB8.026 billion to acquire 12 parcels of land with a total GFA of approximately 3.78 million sq.m.. The Group's total attributable GFA was 3.16 million sq.m.. Meanwhile, we also proactively engaged in diversified development models and partnered with other renowned developers for the purpose of providing appreciated value for our projects. As of the end of 2012, the landbank¹ of the Group reached approximately 14.40 million sq.m. which were distributed in 12 cities in the PRC. In terms of the attributable interest, the Group's landbank was approximately 13.50 million sq.m..
- **Rewarding our Shareholders.** To reward Shareholders and share our achievements with them, the Board proposed to declare a final dividend of HK\$0.022 per share, together with interim dividend of HK\$0.042 per share, the total dividends will be HK\$0.064 per share, representing 40% of the profit attributable to equity holders excluding fair value gains on revaluation of investment properties and negative goodwill² of the Group. In addition, the Board also proposed to declare a special dividend of HK\$0.031 per share.

Note:

1. Landbank represents the total GFA of properties under construction and properties for future development.
2. Negative goodwill represents the excess of the share of net assets acquired over acquisition cost in the consolidated income statement.

Results Summary

• Disposal price of Guangzhou IFC	RMB13.44 billion
• Disposal price of Popark Plaza	RMB984 million
• Total revenue (including proceeds from sales of investment properties)	RMB8.976 billion
• Gross profit margin for property sales (including gains on disposal of investment properties)	47% (+7 percentage points)
• Profit attributable to equity holders (property sales and related business) ¹	RMB 1.033 billion (+2.5%)
• Contracted sales value	RMB 12.300 billion (+35.9%)
• Contracted sales GFA	1,035,200 sq.m. (+70.1%)
• Total assets	RMB 69.997 billion (+14.4%)
• Shareholders' equity	RMB 22.158 billion (+9.8%)
• Shareholders' equity per share	RMB 2.383 (+9.6%)
• Net gearing ratio	47% (-28.9 percentage points)

Note:

1. Profit attributable to equity holders for property sales and related business represents the profit attributable to equity holders without taking into account appreciated value on revaluation of investment properties, profit attributable to associates and net foreign exchange (loss)/gain.

RESULTS

The board of directors (“Directors” or “Board”) of Yuexiu Property Company Limited (“Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) prepared under Hong Kong Financial Reporting Standards for the year ended 31 December 2012, as follow:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	<i>Note</i>	2012 <i>RMB'000</i>	2011 <i>RMB'000</i> <i>(Restated)</i>
Revenue	3	8,119,945	9,569,006
Cost of sales	4	<u>(4,262,064)</u>	<u>(5,564,912)</u>
Gross profit		3,857,881	4,004,094
Proceeds from sales of investment properties		856,419	703,142
Direct costs of investment properties sold		(617,232)	(595,802)
Gain on sales of investment properties		239,187	107,340
Fair value gains on revaluation of investment properties		1,566,979	4,955,613
Gain on disposal of subsidiaries		436,938	—
Selling and marketing costs	4	(465,277)	(255,344)
Administrative expenses	4	<u>(830,923)</u>	<u>(729,957)</u>
Operating profit		4,804,785	8,081,746
Finance income		60,984	53,339
Finance costs	5	(552,673)	(472,950)
Net foreign exchange (loss)/gain on financing activities		(80,363)	221,886
Excess of the share of the fair value of net assets acquired over acquisition cost		155,460	—
Share of (loss)/profit of			
- jointly controlled entities		(89)	(761)
- associated entities		<u>246,440</u>	<u>480,886</u>
Profit before taxation		4,634,544	8,364,146
Taxation	6	<u>(2,075,470)</u>	<u>(3,008,018)</u>
Profit for the year		<u><u>2,559,074</u></u>	<u><u>5,356,128</u></u>

	<i>Note</i>	2012 <i>RMB'000</i>	2011 <i>RMB'000</i> <i>(Restated)</i>
Attributable to			
Equity holders of the Company		2,481,834	5,235,666
Non-controlling interests		<u>77,240</u>	<u>120,462</u>
		<u>2,559,074</u>	<u>5,356,128</u>
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)	7		
- Basic		<u>0.2672</u>	<u>0.5640</u>
- Diluted		<u>0.2664</u>	<u>0.5623</u>

Details of dividends payable to equity holders of the Company are set out in note 8.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Restated)</i>
Profit for the year	2,559,074	5,356,128
Other comprehensive income:		
Currency translation differences	2,276	(83,015)
Change in fair value of available-for-sale financial assets, net of tax	147,906	(324,866)
Transfer of reserve to profit and loss upon disposal of a subsidiary	(754)	—
Other comprehensive income/(loss) for the year, net of tax	149,428	(407,881)
Total comprehensive income for the year	<u>2,708,502</u>	<u>4,948,247</u>
Attributable to		
Equity holders of the Company	2,623,412	4,844,145
Non-controlling interests	85,090	104,102
	<u>2,708,502</u>	<u>4,948,247</u>

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2012**

	31 December 2012	31 December 2011	1 January 2011
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Restated)</i>	<i>RMB'000</i> <i>(Restated)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	763,564	2,624,912	2,199,676
Investment properties	6,185,441	11,922,571	7,632,075
Land use rights	283,234	557,609	547,113
Interests in jointly controlled entities	990,734	100,477	110,289
Interests in associated entities	5,964,993	2,008,062	1,608,654
Available-for-sale financial assets	895,944	722,573	1,154,600
Deferred tax assets	81,679	82,594	62,843
Accrued rent receivable	—	75,889	—
	<u>15,165,589</u>	<u>18,094,687</u>	<u>13,315,250</u>
Current assets			
Properties under development	34,672,854	29,777,812	17,305,880
Properties held for sale	3,147,952	2,666,073	2,621,017
Prepayments for land use rights	5,439,939	2,064,505	6,254,647
Inventories	11,645	100,798	47,847
Trade receivables	9 18,424	4,523	10,041
Other receivables, prepayments and deposits	1,569,860	847,434	3,329,834
Taxation recoverable	625,729	501,004	442,329
Charged bank deposits	2,202,948	1,306,754	1,021,635
Cash and cash equivalents	<u>7,060,453</u>	<u>4,820,904</u>	<u>6,451,077</u>
	<u>54,749,804</u>	<u>42,089,807</u>	<u>37,484,307</u>
Non-current assets held-for-sale	<u>81,540</u>	<u>1,028,790</u>	<u>—</u>

		31 December	31 December	1 January
		2012	2011	2011
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Restated)</i>	<i>(Restated)</i>
LIABILITIES				
Current liabilities				
Trade and note payables	10	336,173	327,476	171,301
Land premium payable		45,944	45,944	45,944
Advance receipts from customers		10,002,524	5,392,740	7,900,585
Other payables and accrued charges		8,809,342	6,108,568	4,633,355
Borrowings		6,828,742	10,590,713	6,033,686
Taxation payable		<u>1,533,756</u>	<u>770,604</u>	<u>536,868</u>
		<u>27,556,481</u>	<u>23,236,045</u>	<u>19,321,739</u>
Liabilities associated with non-current assets held-for-sale		<u>—</u>	<u>122,552</u>	<u>—</u>
Net current assets		<u>27,274,863</u>	<u>19,760,000</u>	<u>18,162,568</u>
Total assets less current liabilities		<u>42,440,452</u>	<u>37,854,687</u>	<u>31,477,818</u>
Non-current liabilities				
Borrowings		13,302,235	11,191,453	11,702,660
Deferred tax liabilities		5,707,741	5,966,240	3,635,359
Deferred revenue		66,389	68,184	—
Other payables and accrued charges		<u>243,872</u>	<u>—</u>	<u>—</u>
		<u>19,320,237</u>	<u>17,225,877</u>	<u>15,338,019</u>
Net assets		<u>23,120,215</u>	<u>20,628,810</u>	<u>16,139,799</u>

		31 December 2012	31 December 2011	1 January 2011
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Restated)</i>	<i>(Restated)</i>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital		852,196	851,021	850,915
Share premium		8,878,673	8,871,970	8,870,951
Other reserves		516,153	375,716	768,399
Retained earnings				
- Proposed dividends	8	399,952	343,551	—
- Others		<u>11,511,166</u>	<u>9,744,389</u>	<u>5,172,481</u>
		22,158,140	20,186,647	15,662,746
Non-controlling interests		<u>962,075</u>	<u>442,163</u>	<u>477,053</u>
Total equity		<u><u>23,120,215</u></u>	<u><u>20,628,810</u></u>	<u><u>16,139,799</u></u>

NOTES

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets, which are carried at fair value.

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

2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

- (a) Change in accounting policy on the provision of deferred tax on revaluation of investment properties:

The Hong Kong Institute of Certified Public Accountants has amended Hong Kong Accounting Standard (“HKAS”) 12, ‘Income taxes’, to introduce 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.

The Group has adopted this amendment retrospectively for the financial year ended 31 December 2012.

The Group has investment properties measured at their fair values totalling RMB11,922,571,000 as at 1 January 2012. As required by the amendment, management has re-measured the deferred tax relating to certain investment properties amounting to RMB2,882,571,000 according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. For the remaining investment properties amounting to RMB9,040,000,000, management consider that these investment properties are measured using the fair value model will be recovered through use for the purpose of measuring deferred tax in respect of such properties. As a result, the Group rebutted the presumption for such investment properties and did not re-measure the related deferred tax.

The effects of the adoption are disclosed as below:

Effect on consolidated income statement

	Year ended 31 December	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Increase/(decrease) in taxation	19,306	(99,899)
(Decrease)/increase in net profit attributable to equity holders of the Company	(18,536)	99,005
(Decrease)/increase in net profit attributable to non-controlling interests	(770)	894
(Decrease)/increase in basic earnings per share (in RMB)	(0.0020)	0.0107
(Decrease)/increase in diluted earnings per share (in RMB)	<u>(0.0020)</u>	<u>0.0106</u>

Effect on consolidated balance sheet

	31 December 2012	31 December 2011	1 January 2011
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Increase in net deferred tax liabilities	127,841	109,013	206,294
Decrease in retained earnings	(115,614)	(97,078)	(196,083)
Decrease in exchange fluctuation reserve	(3,671)	(4,149)	(1,531)
Decrease in non-controlling interests	<u>(8,556)</u>	<u>(7,786)</u>	<u>(8,680)</u>

- (b) Amendments to existing standards effective in 2012 but not relevant to the Group:

The following amendments to existing standards are mandatory for the first time for the financial year beginning 1 January 2012.

HKFRS 1 (Amendment)	Disclosures - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Disclosures - Transfers of Financial Assets

- (c) New standards and amendments, revisions and interpretation to existing standards that have been issued but are not effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
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)	Investment in Associates and Joint Ventures	1 January 2013
HKAS 32 (Amendment)	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 1 (Amendment)	First Time Adoption - Government Loans	1 January 2013
HKFRS 7 (Amendment)	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures	1 January 2015
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements, Disclosures of Interest in Other Entities: Transitional Guidance	1 January 2013
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Consolidated Financial Statements, Disclosure of Interests in Other Entities : Transitional Guidelines for Separate Financial Statements	1 January 2014
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 13	Fair Value Measurements	1 January 2013
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvement Project	Annual Improvements 2009-2011 Cycle	1 January 2013

The Group has already commenced an assessment of the related impact of adopting the above new standards and amendments, revisions and interpretation to existing standards to the Group. The Group does not expect substantial changes to the Group's accounting policies and presentation of the financial statements will be resulted.

3 **Segment information**

The chief operating decision-maker has been identified as the executive directors. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of property development, property management, property investment and others.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors are measured in a manner consistent with that in the consolidated financial statements.

Total assets excluded deferred tax assets, taxation recoverable and corporate assets. Corporate assets are not directly attributable to segments.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors are measured in a manner consistent with that in the consolidated income statement.

	Property development management <i>RMB'000</i>	Property management <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Group <i>RMB'000</i>
Year ended 31 December 2012					
Revenue	6,946,344	410,252	489,251	1,242,381	9,088,228
Inter-segment revenue	<u>—</u>	<u>(79,430)</u>	<u>(5,438)</u>	<u>(883,415)</u>	<u>(968,283)</u>
Revenue from external customers	<u>6,946,344</u>	<u>330,822</u>	<u>483,813</u>	<u>358,966</u>	<u>8,119,945</u>
Segment results	<u>2,410,082</u>	<u>758</u>	<u>2,030,554</u>	<u>58,035</u>	<u>4,499,429</u>
Depreciation and amortisation	<u>(54,704)</u>	<u>(1,090)</u>	<u>—</u>	<u>(20,205)</u>	<u>(75,999)</u>
Share of (loss)/profit of:					
- jointly controlled entities	(89)	—	—	—	(89)
- associated entities	<u>—</u>	<u>—</u>	<u>246,440</u>	<u>—</u>	<u>246,440</u>
Year ended 31 December 2011					
Revenue	8,476,738	401,702	453,777	753,943	10,086,160
Inter-segment revenue	<u>—</u>	<u>(50,576)</u>	<u>(8,489)</u>	<u>(458,089)</u>	<u>(517,154)</u>
Revenue from external customers	<u>8,476,738</u>	<u>351,126</u>	<u>445,288</u>	<u>295,854</u>	<u>9,569,006</u>
Segment results	<u>2,679,367</u>	<u>(8,481)</u>	<u>5,470,397</u>	<u>29,117</u>	<u>8,170,400</u>
Depreciation and amortisation	<u>(47,226)</u>	<u>(898)</u>	<u>—</u>	<u>(19,206)</u>	<u>(67,330)</u>
Share of (loss)/profit of:					
- jointly controlled entities	(761)	—	—	—	(761)
- associated entities	<u>—</u>	<u>—</u>	<u>480,886</u>	<u>—</u>	<u>480,886</u>

	Property development management <i>RMB'000</i>	Property management <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Group <i>RMB'000</i>
As at 31 December 2012					
Segment assets	54,081,016	354,674	6,185,441	751,014	61,372,145
Interests in jointly controlled entities	990,734	—	—	—	990,734
Interests in associated entities	<u>—</u>	<u>—</u>	<u>5,964,993</u>	<u>—</u>	<u>5,964,993</u>
Total reportable segments' assets	<u>55,071,750</u>	<u>354,674</u>	<u>12,150,434</u>	<u>751,014</u>	<u>68,327,872</u>
Total reportable segments' assets include:					
Additions to non-current assets (other than available-for-sale financial assets and deferred tax assets)	<u>966,934</u>	<u>515</u>	<u>39,731</u>	<u>814</u>	<u>1,007,994</u>
As at 31 December 2011					
Segment assets	45,686,760	349,060	11,922,571	300,371	58,258,762
Interests in jointly controlled entities	100,477	—	—	—	100,477
Interests in associated entities	<u>—</u>	<u>—</u>	<u>2,008,062</u>	<u>—</u>	<u>2,008,062</u>
Total reportable segments' assets	<u>45,787,237</u>	<u>349,060</u>	<u>13,930,633</u>	<u>300,371</u>	<u>60,367,301</u>
Total reportable segments' assets include:					
Additions to non-current assets (other than available-for-sale financial assets and deferred tax assets)	<u>548,567</u>	<u>2,517</u>	<u>984,084</u>	<u>217</u>	<u>1,535,385</u>

A reconciliation of total segment results to total profit before taxation is provided as follows:

	Year ended 31 December	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Segment results	4,499,429	8,170,400
Unallocated operating costs (note)	(131,582)	(88,654)
Gain on disposal of subsidiaries	<u>436,938</u>	<u>—</u>
Operating profit	4,804,785	8,081,746
Finance income	60,984	53,339
Finance costs	(552,673)	(472,950)
Net foreign exchange (loss)/gain on financing activities	(80,363)	221,886
Excess of the share of the fair value of net assets acquired over acquisition cost	155,460	—
Share of (loss)/profit of:		
- jointly controlled entities	(89)	(761)
- associated entities	<u>246,440</u>	<u>480,886</u>
Profit before taxation	<u><u>4,634,544</u></u>	<u><u>8,364,146</u></u>

Note: Unallocated operating costs include mainly staff salaries, rent and rates, depreciation and other operating expenses.

A reconciliation of reportable segments' assets to total assets is provided as follows:

	As at 31 December	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Total reportable segments' assets	68,327,872	60,367,301
Deferred tax assets	81,679	82,594
Taxation recoverable	625,729	501,004
Corporate assets	<u>961,653</u>	<u>262,385</u>
Total assets	<u>69,996,933</u>	<u>61,213,284</u>

	Revenue		Total assets	
	Year ended 31 December		As at 31 December	
	2012	2011	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Hong Kong	166,416	147,741	2,254,878	1,929,069
China	7,952,534	9,364,683	66,065,954	58,427,692
Overseas	<u>995</u>	<u>56,582</u>	<u>7,040</u>	<u>10,540</u>
	<u>8,119,945</u>	<u>9,569,006</u>	68,327,872	60,367,301
Unallocated assets			<u>1,669,061</u>	<u>845,983</u>
			<u>69,996,933</u>	<u>61,213,284</u>

4 Expenses by nature

Cost of sales, selling and marketing costs, and administrative expenses include the following:

	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Advertising and promotion expenses	377,388	188,596
Cost of inventories/properties sold included in cost of sales	3,605,558	5,085,660
Direct operating expenses arising from investment properties		
- that generate rental income	182,305	42,699
- that did not generate rental income	549	128
Depreciation		
- Owned property, plant and equipment	57,717	49,754
- Leased property, plant and equipment	62	62
(Reversal of)/provision for impairment of property, plant and equipment	(1,103)	31,202
Amortisation of land use rights	18,220	17,514
Operating leases - Land and buildings	45,609	14,513
Auditor's remuneration	6,500	6,700
Employee benefit expenses	876,749	777,620
Provision for/(reversal of) impairment of properties under development	15,901	(4,023)
Others	<u>372,809</u>	<u>339,788</u>
	<u><u>5,558,264</u></u>	<u><u>6,550,213</u></u>

5 Finance costs

	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank loans and overdrafts wholly repayable within five years	1,396,061	997,103
Interest on bank loans wholly repayable over five years	249,963	193,673
Interest on loans from related companies	51,585	514
Interest expense from top-up payment liabilities	<u>9,732</u>	<u>—</u>
Total borrowing costs incurred	1,707,341	1,191,290
Less: amount capitalised as investment properties, properties under development and property, plant and equipment	<u>(1,154,668)</u>	<u>(718,340)</u>
	<u><u>552,673</u></u>	<u><u>472,950</u></u>

6 Taxation

- (a) Hong Kong profits tax has been provided at the rate of 16.5 percent (2011: 16.5 percent) on the estimated assessable profit for the year.
- (b) China enterprise income taxation is provided on the profit of the Group's subsidiaries, associated entities and jointly controlled entities in China at 25 percent (2011: 25 percent).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates ranging from 5 percent to 10 percent. During the year, withholding income tax was provided for the dividend distributed and undistributed profit, recognised based on HKFRS, of the Group's subsidiaries, jointly controlled entities and associated entities in China at tax rates ranging from 5 percent to 10 percent (2011: 5 percent to 10 percent).

- (c) China land appreciation tax is levied at progressive rates ranging from 30 percent to 60 percent on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction.
- (d) The amount of taxation charged to the consolidated income statement comprises:

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i> <i>(Restated)</i>
Current taxation		
Hong Kong profits tax	3,269	25
China enterprise income tax	302,720	262,669
China land appreciation tax	1,114,630	415,094
Under/(over)-provision in prior years	15,284	(6,501)
Deferred taxation		
Origination and reversal of temporary difference	508,685	1,945,478
Corporate withholding income tax on undistributed profits	<u>130,882</u>	<u>391,253</u>
	<u>2,075,470</u>	<u>3,008,018</u>

7 Earnings per share

Basic

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

	2012	2011 <i>(Restated)</i>
Profit attributable to equity holders of the Company (RMB'000)	<u>2,481,834</u>	<u>5,235,666</u>
Weighted average number of ordinary shares in issue ('000)	<u>9,289,774</u>	<u>9,283,749</u>
Basic earnings per share (RMB)	<u>0.2672</u>	<u>0.5640</u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options outstanding during the year which are dilutive potential ordinary shares. Calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

	2012	2011 <i>(Restated)</i>
Profit attributable to equity holders of the Company (RMB'000)	<u>2,481,834</u>	<u>5,235,666</u>
Weighted average number of ordinary shares in issue ('000)	9,289,774	9,283,749
Adjustments for share options ('000)	<u>25,946</u>	<u>26,444</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>9,315,720</u>	<u>9,310,193</u>
Diluted earnings per share (RMB)	<u>0.2664</u>	<u>0.5623</u>

8 Dividends

	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Interim, paid, of HK\$0.042 equivalent to RMB0.034 (2011: HK\$0.04 equivalent to RMB0.033) per ordinary share	319,459	304,758
Special, proposed, of HK\$0.031 equivalent to RMB0.025 (2011: nil) per ordinary share.	232,530	—
Final, proposed, of HK\$0.022 equivalent to RMB0.018 (2011: HK\$0.045 equivalent to RMB0.037) per ordinary share	<u>167,422</u>	<u>343,551</u>
	<u><u>719,411</u></u>	<u><u>648,309</u></u>

9 Trade receivables

The Group has defined credit policies for different businesses. The credit terms of the Group are generally within three months. The ageing analysis of trade receivables is as follows:

	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	10,195	2,112
31 - 90 days	6,246	409
91 - 180 days	—	125
181 - 365 days	183	77
Over 1 year	<u>11,086</u>	<u>58,030</u>
	27,710	60,753
Less: provision for impairment of trade receivables	<u>(9,286)</u>	<u>(56,230)</u>
	<u><u>18,424</u></u>	<u><u>4,523</u></u>

10 Trade and note payables

The ageing analysis of the trade and note payables is as follows:

	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	79,610	33,419
31 - 90 days	221,188	292,344
91 - 180 days	25,800	744
181 - 365 days	6,494	296
1 - 2 years	3,039	59
Over 2 years	<u>42</u>	<u>614</u>
	<u><u>336,173</u></u>	<u><u>327,476</u></u>

11 Event after the reporting period

A US\$2,000 million medium term note programme was established by the Company on 11 January 2013. Medium term notes at gross proceeds of approximately US\$847 million were issued by the Company on 16 January 2013.

Chairman’s Statement

I. BUSINESS REVIEW

Economic and Market Environment

More than three years had passed since the outbreak of the global financial crisis in 2009, but recovery of the global economy was still slow, major economies in the world experienced a loss of growth momentum, and the International Monetary Fund (IMF) had repeatedly slashed its forecast for global GDP growth in 2012. Against this backdrop, the Central Government sought to stabilise its domestic economy and stimulate growth through various measures such as the reduction of deposit-reserve ratio and benchmark interest rates cuts. According to the National Bureau of Statistics of China, the GDP of China grew by 7.8% in 2012, dropping back below 8% for the first time post the global financial crisis. However, such level of growth still compared favourably with the rest of the world, with the overall trend stabilising over time. In addition, the Consumer Price Index (CPI) grew by 2.6% in 2012, 2.8 percentage points lower than that in 2011 and the inflation pressure was significantly eased.

During 2012, the Central Government maintained a firm and unwavering stance in regulating the domestic property market and continued to implement restrictive policy measures on purchase, price and credit. According to the latest statistics of the National Bureau of Statistics of China, development and investment in the national property market, revenue from the sale of commercial properties as well as the GFA of commercial properties sold experienced certain level of growth, but the pace of growth had tapered. Although the tightening measures implemented by the Central Government were taking effect, the need for housing and the desire for improved living environment remained strong, which continued to push up property prices. Therefore, the Central Government emphasized on a number of occasions its commitment in strictly implementing policy measures to stabilise the property market.

Operating Results Achieving a New Level

2012 saw the successful completion of the “refining operations” development phase and the first year of the “all around improvements phase”. The Group steadfastly adhered to its corporate motto of “Nurturing inner force by intensive drills to increase resilience, forging ahead by taking swift responsive actions to break barriers”, actively sought breakthrough in the face of a challenging market and realized a solid operating performance.

During 2012, the Group recorded total revenue (including proceeds from the sale of investment properties) of approximately RMB8.976 billion, representing a decrease of 12.6% over the previous year. Meanwhile, the Group had also disposed of Guangzhou IFC and Popark Plaza by way of transfer of equity interest at a transfer price of approximately RMB13.44 billion and RMB984 million, respectively. The gross profit margin of property sales (including gain on the sale of investment properties) increased by 7 percentage points over the previous year to approximately 47.0%. Profit attributable to equity holders from property sales and related business amounted to approximately RMB1.033 billion, representing an increase of 2.5% over the previous year. Basic earnings per share amounted to approximately RMB0.2672.

2012 marked the Group's 20th anniversary of public listing. In the harsh economic and market environment, the Group continued to record a strong performance and saw the completion of major capital operations including the injection of Guangzhou IFC into Yuexiu REIT and after the balance sheet date, its first bond issuance. To further enhance the Group's shareholder return, the Board proposed to declare the payment of a final dividend for 2012 of HK\$0.022 per share, which was equivalent to approximately RMB0.018 per share, together with the interim dividend of HK\$0.042 per share, which was equivalent to approximately RMB0.034 per share, the total dividends would be HK\$0.064 per share, which is equivalent to approximately RMB0.052 per share, representing 40% of the profit attributable to equity holders excluding fair value gains on revaluation of investment properties and negative goodwill of the Group. In addition, the Board also proposed to declare a special dividend of HK\$0.031 per share, which was equivalent to approximately RMB0.025 per share.

Contracted Sales Reaching a New High Amid Adverse Market Conditions

In the fast-changing property market environment, the Group was able to capitalize on market opportunities with its enhanced sales capabilities. A clear focus on sales allowed us to align construction schedules with sales timetable, proactively managing project progress to provide effective support for sales activities.

During 2012, the Group recorded an aggregate contracted sales value of approximately RMB12.3 billion with an aggregate contracted sales GFA of approximately 1,035,200 sq.m., representing increases of 35.9% and 70.1% year-on-year respectively, and accounting for approximately 123% and 108% of the full-year contracted sales targets of no less than RMB10 billion and 960,000 sq.m., respectively, exceeding its full-year contracted sales targets. Meanwhile, the Group

delivered an aggregate value of contracted sales and preliminary sales (for which formal sales contracts would be entered into shortly after the pre-sales) of approximately RMB16.128 billion and an aggregate GFA of contracted sales and preliminary sales GFA of approximately 1,303,600 sq.m..

In 2012, the Group launched a total of eleven new projects, including high-end residential projects Guangzhou Starry Wenhan (廣州星匯文瀚) and Guangzhou Starry Wenyu (廣州星匯文字) and a commercial project Guangzhou Fortune Apartment (廣州財富公館), which were different types of products tailored to meet the needs of a wide spectrum of customers. In addition, the Group also launched projects outside Guangdong Province, namely Hangzhou Starry City (杭州星匯城) and Wuhan Starry Winking (武漢星匯雲錦), which achieved pleasing sales performance and steadily increased the sales contribution of the projects outside Guangdong Province.

As of the end of 2012, the Group had properties sold but not yet recognized of approximately RMB11.8 billion, of which approximately RMB8.5 billion is expected to be recognized in 2013, laying a solid foundation for the results of 2013.

A Commitment to an Innovative Development Model Endorsed by Major Capital Operations

During 2012, the Group completed the injection of its premium commercial property Guangzhou IFC into Yuexiu REIT, harnessing the synergistic benefits of the unique interaction platform “Yuexiu Property + Yuexiu REIT”, which generated a cash inflow of approximately RMB4.9 billion and reduced bank borrowings by approximately RMB4.5 billion, thus significantly lowered the net gearing ratio. Meanwhile, as the single largest unitholder of Yuexiu REIT, the Group will continue to enjoy the steady revenue stream from long-term growth of this property. The completion of this transaction further demonstrated the Group’s commitment to this unique and innovative development model of “DOS” (Development, Operation and Securitization), which shortened the investment cycle in commercial properties and accelerated capital turnover.

A Breakthrough in the Adoption of Bond Financing

After the injection of Guangzhou IFC into Yuexiu REIT, the financial condition of the Group had visibly improved with healthy financial metrics. With this in mind, the Group took advantage of a suitable window in the debt market and successfully issued US\$350 million 3.25% (T+255) 5-year unsecured senior notes and US\$500 million 4.5% (T+275) 10-year unsecured senior notes in January 2013. It was the first time for the Group to issue bonds offshore. The issue was met by a positive market

response and resulted in an over-subscription. The success of this programme was a major step in improving the financing structure of the Group. It diversified funding channels, lowered the overall average financing cost and optimising the tenor and maturity structure of the portfolio.

The notes have been rated “BBB-” and “Baa3” by Fitch and Moody respectively, both of which are well-known global rating agencies. The Group is currently one of the only three Hong Kong listed domestic property developers with investment-grade ratings granted by these two rating agencies.

Further Consolidation and Optimization of a Nation-wide Layout

The Group has always been guided by its strategic policy of “home base in Guangzhou and strategic expansion nationwide”. The Group enlarged its land bank after carefully analysing various factors such as the land market environment, the development trend of the property market and its own financial conditions. During 2012, the Group capitalised on opportunities in the land market and acquired 12 parcels of land in Conghua and Luogang, Guangzhou, Yantai, Shenyang, Qingdao, Hangzhou, Wuhan, Hainan and Hong Kong respectively with total GFA of approximately 3.78 million sq.m. for total consideration of approximately RMB8.026 billion, thereby further strengthened its strategic position in Guangzhou and continued to tap the potential of regions such as Pearl River Delta Bohai Rim Economic Zone, the Yangtze River Delta and Central China region where we have established a foothold. In terms of the attributable interest, the Group’s total GFA was increased by approximately 3.16 million sq.m.

While increasing its landbank, the Group also actively sought to explore a diversified range of development models partnering with other prominent developers and using external resources to add value to development projects. As of the end of 2012, the Group’s landbank reached approximately 14.40 million sq.m., with presence in 12 cities, including Guangzhou, Foshan, Zhongshan, Jiangmen, Yantai, Shenyang, Qingdao, Hangzhou, Kunshan, Wuhan, Haikou and Hong Kong. In terms of the attributable interest, the Group’s landbank was approximately 13.50 million sq.m..

Successful Establishment of Two platforms

Business platform construction and investment property leasing were advanced side by side to make a breakthrough in the Group’s operating ability. During 2012, the Group formally set up the Commercial Property Department, and established a business management team with a two-tier management structure supporting the idea of “Strategic planning by Headquarter, solid delivery of projects by teams”, in order to further enhance the commercial operating ability, and provide strong support for the interaction of the dual platforms “Yuexiu Property + Yuexiu REIT”. Guangzhou

IFC had been fully completed and commenced operation on 26 September 2012. The construction of Guangzhou Fortune World Plaza achieved a new breakthrough. It adopted an innovative operating system which drove forward the three main tasks of “construction, decoration, leasing” side by side. Coordination and execution efforts in the construction site were enhanced by way of vertical management. Meanwhile, centering around “solid delivery of projects by teams”, the Group channeled its energy in advertising properties for lease, using reliable operating performance as a firm base to drive project construction. It also focused on rapidly building a team to work on diversifying the customer base and attracting major commercial tenants realising a pre-occupancy rate of over 50% and an average monthly rental rate of approximately RMB140 per sq.m..

The Group consolidated the resources of Technology Development Department and the Design Institute to establish Yuexiu Property Research Institute, with an aim to provide technical support for product innovation and accelerated nationwide development, while laying a strong foundation for improvements in cost management. Meanwhile, its product research and development base had been set up to research on new projects such as the standardization of residential renovations.

Raising Profile in the Capital Market

The Group recognized the importance to galvanise our relationship with shareholders and investors, and continued to work on improving investor relations in recent years, enabling effective communication between shareholders, investors and the company, allowing them to get a deeper understanding of the company’s philosophy and strategy. In turn this can be reflected in the Company’s stock value. In 2012, the Group actively interacted with shareholders and investors, meetings were arranged with more than 1,000 investors to pro-actively promote its performance and development, so as to obtain increasing interest from the capital markets. This was done through setup one-on-one meetings, conference calls, site visits and conferences organized by investment banks. Major renowned international investment banks also included the Group in its research coverage. Several investment banks (such as Citibank and Bank of America Merrill Lynch) issued coverage reports on us for the first time, and other investment banks which had previously included us in their coverage also continued to update research reports on the Group with more than 100 reports in total.

At the same time, to aid the smooth running of major capital operations such as the injection of IFC into Yuexiu REIT and the unsecured senior note issuance, the Group organized and participated in a variety of promotional activities, introducing the purpose of these operations and their expected benefits to the Group. This allowed more and more investors to better understand the Group and our development strategy and direction.

Significant Enhancement of Brand Recognition

Guided by the aim to strengthen the “Yuexiu” brand, the Group worked on improving its branding in 2012. The Group strengthened the co-ordination and planning of product lines, engaged international well-known public relations companies, carried out systematic planning in brand management and promotion. The brand management system for product series was revised to move towards a more standardised and professional process.

With a number of outstanding capital operation projects, excellent operating results and a clear development strategy, the Group gained recognition from the capital market and the under community, and continuously improved its brand awareness in 2012. It also received numerous awards from renowned institutions, including “The Outstanding China Property Developers Award 2012” for the fourth consecutive year by “Economic Digest”, a famous financial magazine in Hong Kong, “Excellence of Listed Enterprise Awards in 2012” by “Capital Weekly” and “2012 Most Promising Company in China” and “2012 Corporate Golden Award — Finance Performance, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations” for the second consecutive year by “The Asset”. Moreover, Guangzhou IFC, a premium commercial project of the Group, won the “Highly Commended Mixed-use Development in China” award of the International Property Awards (Asia Pacific) and “Landmark Building Award in China” from Capital Weekly.

After-sales Service Mechanism Adding Value to Products

In order to better provide after-sales services to customers, the Group established a customer service department in the marketing center in 2012 to carry out the a customer service system, providing functional assurance for quality management. Meanwhile, the Group also initiated an assessment regime for the property consultant services. This created a feedback mechanism to identify any quality issues encountered at the early stages of a project. It signified the start of a continuous improvement effort to promote project quality. The establishment of an after-sales service mechanism added tremendous value to products.

II. BUSINESS OUTLOOK

In 2013, the global economic prospect continues to be clouded by uncertainties. China's economic growth is expected to settle at the level of 7.5%, effectively entering into a period of stable growth, intensifying the market competition of several domestic industries, particularly the real estate industry which has been affected by the macroeconomic regulations. Noting that the housing prices have not been sufficiently reined in, the Central Government swiftly launched additional real estate control policies such as "National Five (國五條)" in early 2013. It is believed that such control of the real estate industry by the government will continue. Having said that, 2013 is also the year when new national leaders were unveiled. The macroeconomy showed promising signs for stronger growth. The Central Government has set out to promote urbanization and increase workers income, as well as to aid the transform and improve the structure of the economy. All of these is expected to translate into increased disposable income and strong demand for residential properties, signally room for growth in the real estate industry. Within each challenge lies an opportunity, we are confident that our business will continue to develop in the year ahead.

By adhering to the overall theme for 2013 of "improving quality by making progress while ensuring stability, and stimulating development by changing the methods" and the main aspects of "three ensurings, three breakthroughs, three deepenings", the Group continues to "nurture inner force". While following the guiding spirit of 'ensuring growth, ensuring reliability and ensuring development', the Group will seek to accelerate the transformation of development methods, endeavor to achieve greater breakthroughs in resource integration and allocation, to build core competitiveness and to improve development quality and efficiency. Also on the agenda for the year is HR reform, comprehensive risk management and strengthening the management and control by the Headquarter, all of which should propel the Group's development to a new level.

Ensuring Steady Growth of Operational Indicators

The Group will further enhance its sales capability, research on the strengths and weaknesses of its marketing strategy, marketing system and customer relationship management, develop proposals for sales capability improvement, and endeavor to maintain a "double-digit" growth in sales results. According to the current real estate market environment and the Company's development, the contracted sales targets are initially set at RMB13.2 billion and 1.07 million sq.m., respectively in 2013. It is expected that we will launch three new projects, including Guangzhou Lingnan Hillside (廣州嶺南山畔), Conghua Jiangpu Street Project (從化江浦街項目) and Yantai Development Zone Project (煙台開發區項目), and the existing projects in Guangzhou, Zhongshan, Hangzhou, Wuhan and other cities will continue to launch new phases, with adequate resources available for sale. Together with the existing projects in 2012, the number of projects for sale in 2013 are expected to exceed 25.

Ensuring reliable financing

The Group will continue to attach great importance to fund raising in 2013. The Group will closely follow trends in the capital market whilst selecting the most suitable and cost-effective ways to source funding for the expansion of its businesses, ensuring that the company's development is backed by reliable financing.

Ensuring an Appropriate Scale of Expansion

In line with the development strategy of “home base in Guangzhou and strategic expansion nationwide”, the Group will maintain a suitable scale of expansion and consolidate the current regional distribution to establish a pattern that centered on Guangzhou, while strategically developing first and second-tier cities with great development potential into regional centres.

Making Breakthroughs in the Integration and Allocation of Resources

In addition to acquiring land bank by tender, auction and listing-for-sale, the Group will make full use of and maximize the Company's internal and external resources in continuously increasing the strategic cooperation efforts and attracting strong and large-scale real estate enterprises for joint developments. In addition, the Group will also closely follow the new round of opportunities arising from mergers and acquisitions in the real estate industry and explore ways of expansion in order to achieve leapfrog development.

Making Breakthroughs in Building Core competitiveness

In 2012, the Group successfully injected Guangzhou IFC into Yuexiu REIT. This important capital operation project was a significant step towards the normalised interaction of “Yuexiu Property + Yuexiu REIT”, and the first key step to implementing the long term development strategy of “DOS” (Development + Operation + Securitisation). Hereafter, the Group will accelerate the transformation of its development model, deepen the interaction of “Yuexiu Property + Yuexiu REIT” and promote the normalization of the high-end development model of “DOS”.

Making Breakthroughs in Improving Quality and Efficiency

As of the end of 2012, the Group had a landbank of approximately 14.40 million sq.m., constituting of approximately 25 projects under construction with GFA of approximately 5.53 million sq.m., and GFA of properties for future development of 8.87 million sq.m.. The Group already has sizable assets, therefore it will continue to enhance operational capabilities to further shorten the project development and construction cycles so as to improve asset turnover and ROE as well as the quality of assets. GFA of new construction starts in 2013 is estimated to be approximately 2.66 million sq.m., and the completed GFA will be approximately 1.54 million sq.m..

Deepening the Reform on Human Resources

The Group will undertake research into conventional pattern of human resource allocation, study models of talents demand optimization and remuneration system, to effectively manage the number of employees and foster per capita efficiency. Secondly, it will also increase the integration of human resources, improve the efficiency of resource utilization in order, to promote the consolidation of resources. Furthermore, the Group will push forward with the building of a learning enterprise strengthen and enlarge its internal team of lecturers, deepen the influence of its “Starry Senior Grade (星匯高級)” and “Starry Junior Grade (星匯中級)” schemes and introduce its “Leadership training program(領導力培訓項目)”.

Deepening Comprehensive Risk Management

The Group will carry out internal control self-assessment, establish material risk warning indicators and risk execution information system. Meanwhile, the Group will further improve its contract management and legal risk management systems strengthen its intellectual property management and establish the intellectual property protection system.

Deepening Management and Control Model

To better support the Group’s future expansion scale and development, the Group will continue to improve its corporate governance obligations system and processes, as well as its control of project companies, enhance the independent execution ability of project companies, push forward system construction and optimization by means of information technology, gradually establish a streamlined management and intelligent decision making system, to further improve its control efficiency.

ACKNOWLEDGMENT

I would like to take this opportunity to thank our directors, management and all the staff for their efforts and satisfactory results in the past year. At the same time, I would also like to thank all our shareholders, relationship banks, friends of the investment community, and business partners for their enduring full confidence and strong support.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue and Gross Profit

In 2012, the Group realized total revenue (including proceeds from sales of investment properties) of approximately RMB8.976 billion, representing a year-on-year decrease of 12.6%. Meanwhile, the Group had also disposed of Guangzhou IFC and Popark Plaza by way of transfer of equity interest at the transfer price of approximately RMB13.44 billion and RMB984 million, respectively. The gross profit margin for property sales (including gain on disposal of investment properties) increased to approximately 47.0%, representing a year-on-year increase of seven percentage points.

Profit Attributable to Equity Holders

In 2012, profit attributable to equity holders of the Group was approximately RMB2.482 billion, representing a year-on-year decrease of 52.6%, mainly due to higher fair value gains on appraisal recorded by Guangzhou IFC upon its completion in 2011. In addition, due to the transfer of Guangzhou IFC and Popark Plaza, the Group recognized gains on transfer of subsidiaries of approximately RMB437 million in 2012. The profit attributable to equity holders from property sales and related business was approximately RMB1.033 billion, representing a year-on-year increase of 2.5%.

Contracted Sales

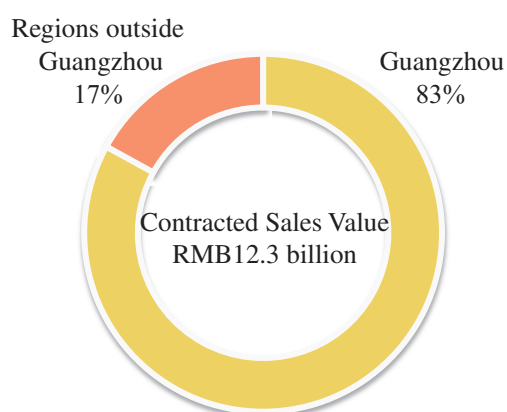
In response to the market changes, the Group adjusted its product positioning in time and carried out construction schedule effectively, so as to launch merchantable products timely. During 2012, the Group recorded an aggregate contracted sales value of approximately RMB12.3 billion with an aggregate contracted sales GFA of approximately 1,035,200 sq.m., representing increases of 35.9% and 70.1% year-on-year respectively, and accounting for approximately 123% and 108% of the full-year and the average selling price was approximately RMB 11,900 per sq.m.. The 20.1% year-on-year decline in the average selling price was mainly attributed to the changes in the product mix and the regional structure. The sales performance was satisfactory and in line with the expectation of the management.

Particulars of contracted sales are summarized as follows:

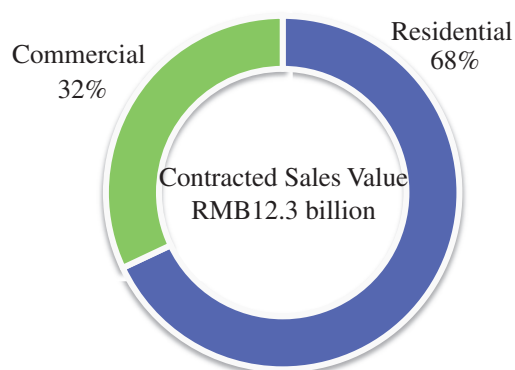
No.	Project	Type	GFA (sq.m.)	Value (RMB mil)	ASP (RMB/sq.m.)	Location
1	Guangzhou Starry Winking	Residential, parking	8,500	327	38,500	Tianhe, Guangzhou
2	Guangzhou Fortune Century Square	Commercial	48,400	1,399	28,900	Tianhe, Guangzhou
3	Guangzhou Jiang Nan New Mansion	Residential	3,600	55	15,300	Haizhu, Guangzhou
4	Guangzhou Springland Garden	Residential	100	2	20,000	Haizhu, Guangzhou
5	Guangzhou Paradiso Garden	Residential	17,700	444	25,100	Haizhu, Guangzhou
6	Guangzhou Paradiso Courtyard	Residential	2,400	51	21,300	Haizhu, Guangzhou
7	Guangzhou Ling Nan Riverside	Residential	16,800	341	20,300	Liwan, Guangzhou
8	Guangzhou Fortune Apartment	Commercial	77,900	1,468	18,800	Liwan, Guangzhou
9	Guangzhou Starry Golden Sands	Residential	70,900	1,025	14,500	Baiyun, Guangzhou
10	Guangzhou Starry Wenhua	Residential	23,800	500	21,000	Panyu, Guangzhou
11	Guangzhou Starry Wenhan	Residential	62,900	1,132	18,000	Panyu, Guangzhou
12	Guangzhou Starry Wenyu	Residential	14,600	255	17,500	Panyu, Guangzhou
13	Guangzhou Paradiso Riverside	Residential	32,400	399	12,300	Panyu, Guangzhou
14	Guangzhou Paradiso Sunshine	Residential	26,300	300	11,400	Panyu, Guangzhou
15	Southern Le Sand	Residential	168,900	1,251	7,400	Nansha, Guangzhou
16	Huadu Glade Greenland	Residential	44,600	295	6,600	Huadu, Guangzhou
17	Conghua Glade Village	Residential	2,200	24	10,900	Conghua, Guangzhou
	Investment properties	N/A	17,900	340	19,000	Guangzhou
	Other projects	N/A	<u>47,700</u>	<u>591</u>	12,400	Guangzhou
	Subtotal (Guangzhou)		<u>687,600</u>	<u>10,199</u>	14,800	
18	Jiangmen Starry Regal Court	Residential	76,400	508	6,600	Pengjiang, Jiangmen
19	Zhongshan Starry Winking	Residential	<u>100,900</u>	<u>561</u>	5,600	Nanqu, Zhongshan
	Subtotal (Pearl River Delta (excluding Guangzhou))		<u>177,300</u>	<u>1,069</u>	6,000	
20	Hangzhou Starry City	Residential	98,500	501	5,100	Hangzhou, Zhejiang
21	Wuhan Starry Winking	Residential	8,200	119	14,500	Wuhan, Hubei
22	Shenyang Hill Lake	Residential	9,800	78	8,000	Shenbei, Shenyang
23	Yantai Starry Phoenix	Residential	<u>53,800</u>	<u>334</u>	6,200	Zhifu, Yantai
	Subtotal (Outside Guangdong province)		<u>170,300</u>	<u>1,032</u>	6,100	
	Total		<u>1,035,200</u>	<u>12,300</u>	11,900	

In 2012, there were seven cities in which we delivered sales, enforcing a layout of “supporting by multiple regions”. Within the aggregate contracted sales value for 2012, Guangzhou contributed approximately 83% and regions outside Guangzhou contributed approximately 17%. In addition, the Group launched commercial properties that were not limited by “purchase restriction” policy in response to the property market policies. The Group leveraged on the double-wheel driving force of “residential + commercial”, for which the residential properties and commercial properties accounted for approximately 68% and 32% respectively.

**2012 Contracted Sales Value
By Geographical Region**

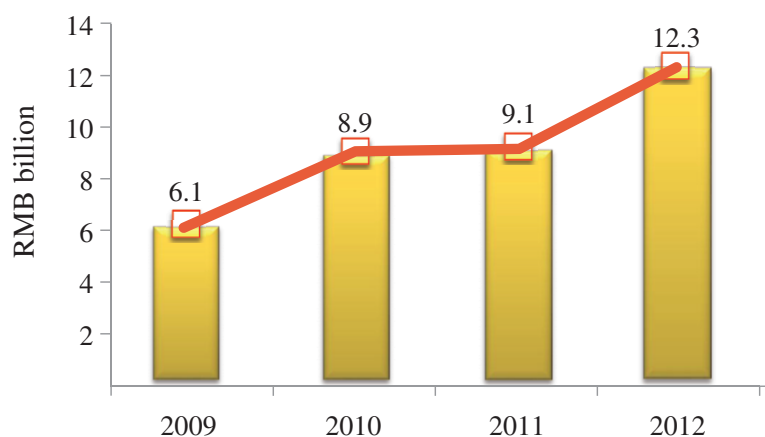


**2012 Contracted Sales Value
By Product Type**



The contracted sales for 2012 was at a record high level, and significantly increased from RMB6.1 billion in 2009 to RMB12.3 billion in 2012.

The Contracted Sales Value from 2009 to 2012



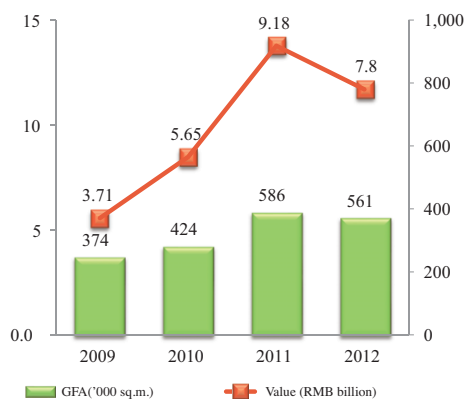
Recognized Properties

During 2012, the recognized sales revenue was approximately RMB7,803 million (including the sale of investment properties of RMB856 million), representing a decrease of 15.0% over the previous year. The recognized sales GFA was approximately 561,100 sq.m. (including the sale of investment properties of 69,700 sq.m.), representing a decrease of 4.2% over the previous year. The average selling price was approximately RMB13,900 per sq.m..

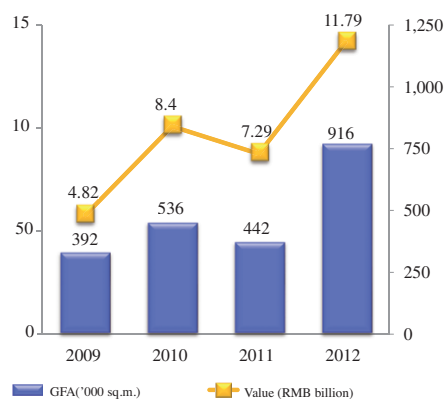
Particulars of recognized properties are summarized as follows:

No.	Project	Type	GFA (sq.m.)	Value (RMB mil)	ASP (RMB/sq.m.)	Location
1	Guangzhou Fortune Century Square	Commercial	6,900	202	29,300	Tianhe, Guangzhou
2	Guangzhou Starry Winking	Residential, parking	10,100	389	38,500	Tianhe, Guangzhou
3	Guangzhou Jiang Nan New Mansion	Commercial	23,900	1,000	41,800	Haizhu, Guangzhou
4	Guangzhou Springland Garden	Commercial, parking	23,600	573	24,300	Haizhu, Guangzhou
5	Guangzhou Paradiso Homeland	Residential	42,500	992	23,300	Haizhu, Guangzhou
6	Ling Nan Riverside	Residential	40,000	852	21,300	Liwan, Guangzhou
7	Huadu Glade Greenland	Residential	46,400	317	6,800	Huadu, Guangzhou
8	Conghua Glade Village	Residential	6,100	97	15,900	Conghua, Guangzhou
9	Southern Le Sand	Residential	165,300	1,345	8,100	Nansha, Guangzhou
10	Jiangmen Starry Regal Court	Residential	90,600	622	6,900	Pengjiang, Jiangmen
11	Shenyang Yuexiu Hill Lake	Residential	13,600	127	9,300	Shenbei, Shenyang
	Other projects	N/A	<u>22,400</u>	<u>431</u>	19,000	Guangzhou
	Subtotal		<u>491,400</u>	<u>6,947</u>	<u>14,100</u>	
	Investment properties	N/A	<u>69,700</u>	<u>856</u>	12,000	Guangzhou
	Total		<u>561,100</u>	<u>7,803</u>	<u>13,900</u>	

Recognized Properties



Properties Sold But Not Yet Recognized



Properties Sold But Not Yet Recognized

As of the end of 2012, the value of properties sold but not yet recognized amounted to approximately RMB11,788 million, with GFA of approximately 916,400 sq.m. and an average selling price of RMB12,900 per sq.m.. Of the value of properties sold but not yet recognized, approximately RMB8.5 billion is expected to be recognized in 2013.

Particulars of properties sold but not yet recognized are summarized as follows:

No.	Project	Type	GFA (sq.m.)	Value (RMB mil)	ASP (RMB/sq.m.)	Location
1	Guangzhou Starry Winking	Residential	2,600	106	40,800	Tianhe, Guangzhou
2	Guangzhou Fortune Century Square	Commercial	78,300	2,245	28,700	Tianhe, Guangzhou
3	Guangzhou Jiang Nan New Mansion	Residential	3,500	62	17,700	Haizhu, Guangzhou
4	Guangzhou Paradiso Garden	Residential	17,700	444	25,100	Haizhu, Guangzhou
5	Guangzhou Paradiso Courtyard	Residential	2,400	51	21,200	Haizhu, Guangzhou
6	Guangzhou Fortune Apartment	Commercial	80,100	1,500	18,700	Liwán, Guangzhou
7	Guangzhou Starry Golden Sands	Residential	88,900	1,270	14,300	Baiyun, Guangzhou
8	Guangzhou Starry Wenhua	Residential	53,500	1,097	20,500	Panyu, Guangzhou
9	Guangzhou Starry Wenhán	Residential	62,900	1,132	18,000	Panyu, Guangzhou
10	Guangzhou Starry Wenyú	Residential	14,600	255	17,500	Panyu, Guangzhou
11	Guangzhou Paradiso Riverside	Residential	32,400	399	12,300	Panyu, Guangzhou
12	Guangzhou Paradiso Sunshine	Residential	26,300	300	11,400	Panyu, Guangzhou
13	Southern Le Sand	Residential	126,200	921	7,300	Nánsha, Guangzhou
14	Huadu Glade Greenland	Residential	10,700	73	6,800	Huadu, Guangzhou
	Other projects	N/A	<u>17,700</u>	<u>160</u>	9,100	Guangzhou
	Subtotal (Guangzhou)		<u>617,800</u>	<u>10,015</u>	16,200	
15	Jiangmen Starry Regal Court	Residential	9,500	60	6,300	Pengjiang, Jiangmen
16	Zhongshan Starry Winking	Residential	100,900	561	5,600	Nanqu, Zhongshan
17	Shenyang Yuexiu Hill Lake	Residential	4,700	42	8,900	Shenbei, Shenyang
18	Yantai Starry Phoenix	Residential	76,800	490	6,400	Zhifu, Yantai
19	Hangzhou Starry City	Residential	98,500	501	5,100	Hangzhou, Zhejiang
20	Wuhan Starry Winking	Residential	<u>8,200</u>	<u>119</u>	14,500	Wuhan, Hubei
	Total		<u>916,400</u>	<u>11,788</u>	12,900	

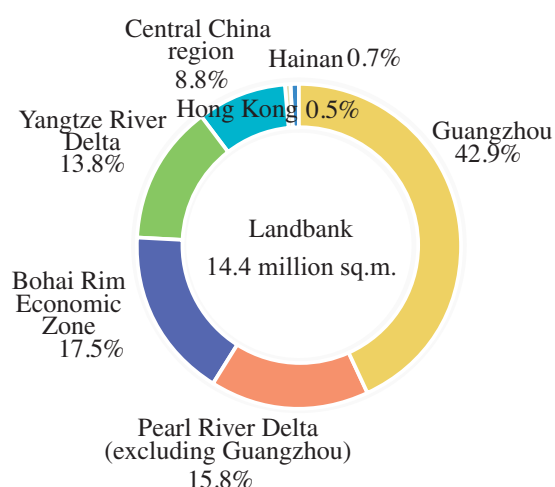
Landbank

In the second half of 2012, the emergence of high quality land at relatively low cost in the market afforded an opportunity for the Group to increase its land bank in a cost-effective manner, thereby consolidating the strategic presence of the Group in the PRC. In 2012, the Group acquired 12 parcels of land with total GFA of approximately 3.78 million sq.m. in the cities of Conghua, Luogang, Yantai, Shenyang, Qingdao, Hangzhou, Wuhan, Hainan and Hong Kong with total investments of RMB8.026 billion. In terms of attributable interest, the Group's total GFA was approximately 3.16 million sq.m.. In addition, the Group has also made a great breakthrough in adopting strategic cooperation to develop projects. The cooperation with many prominent developers such as Guangdong Poly Property Development Limited (廣東保利房地產開發有限公司) achieved the scale effect of "Advancing large projects with small investment" through strong partnership delivering mutual complementary advantages.

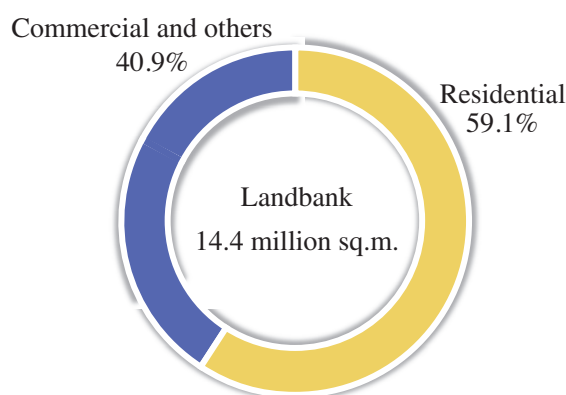
Project	Type	Equity holding	Site area (sq.m.)	GFA (adjusted) (sq.m.)	Total consideration (RMB million)	Average land cost (RMB/ sq.m.)	Location
Conghu Jiangpu Town Land	Residential	95.48%	64,300	188,400	164	870	Conghua, Guangzhou
Luogang Kaiyuan Avenue Land	Residential, commercial	95.48%	90,500	323,900	1,250	3,900	Luogang, Guangzhou
Luogang Changling Road Land	Residential	47.74%	157,200	446,600	1,650	3,700	Luogang, Guangzhou
Hangzhou Lin'an Land Phase III	Residential	100%	120,700	277,700	254	910	Lin'an, Hangzhou
Kushan Huaqiao Land	Residential	48.45%	165,200	536,300	496	930	Huaqiao, Kunshan
Yantai Development Zone Land	Residential	100%	200,000	601,000	530	880	Development Zone in Yantan
Qingdao Licang Land	Residential	100%	128,500	488,600	1,011	2,100	Licang, Qingdao
Shenyang Changbai Island Land	Residential	100%	45,500	183,600	400	2,200	Heping, Shenyang
Wuhan Jiang'an Land	Residential	95.48%	141,800	424,100	1,201	2,800	Jiang'an, Wuhan
Wuhan Jiang'an Land Phase II	Residential	95.48%	49,300	203,600	568	2,800	Jiang'an, Wuhan
Hainan Simapo Island Land	Residential, commercial	47.5%	1,130,000	98,000	350	—	Haikou
Hong Kong Prince Edward Road West Land	Residential	100%	700	3,900	152	39,000	Hong Kong
Total			<u>2,293,700</u>	<u>3,775,700</u>	<u>8,026</u>		

As of the end of 2012, the landbank of the Group reached approximately 14.40 million sq.m. and located in 12 cities in the PRC with a balanced development between regions. The ability of each region to support future scale of growth continued to strengthen. Of the landbank, approximately 42.9%, 15.8%, 17.5%, 13.8%, 8.8%, 0.7% and 0.5% were located in Guangzhou, Pearl River Delta (excluding Guangzhou), Bohai Rim Economic Zone, Yangtze River Delta, Central China region, Hainan and Hong Kong, respectively, by geographical regions; and approximately 59.1% and 40.9% of the landbank were for residential properties and commercial properties and others, respectively, by uses.

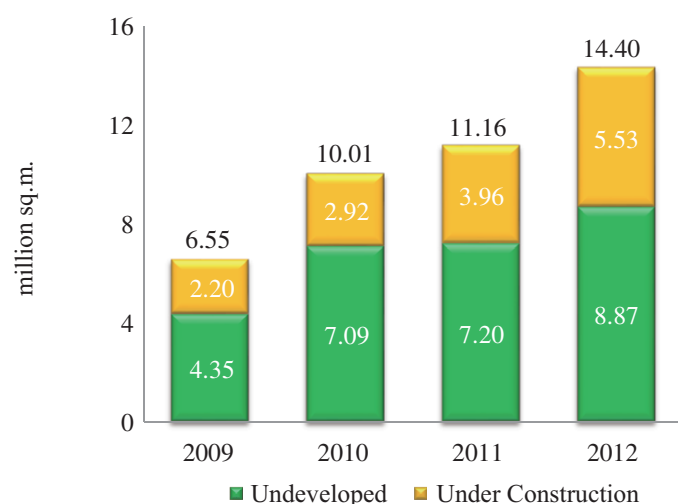
Landbank by Geographical Regions



Landbank by Uses



Landbank from 2009 and 2012



Particulars of land bank by development stages are summarized as follows:

No.	Project	Equity proportion	Land bank		Properties under development	Properties for future development	Location
			GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)	
1	Guangzhou Fortune Century Square	100%	62,500	62,500	—	—	Tianhe, Guangzhou
2	Guangzhou Fortune Center	95%	210,500	210,500	—	—	Tianhe, Guangzhou
3	Asia Pacific Century Plaza	95%	232,000	232,000	—	—	Tianhe, Guangzhou
4	Sporty Stadium Building	100%	125,000	—	125,000	—	Tianhe, Guangzhou
5	Guangzhou Starry Yufu	95%	34,900	34,900	—	—	Tianhe, Guangzhou
6	Guangzhou Paradiso Garden	95%	25,600	25,600	—	—	Haizhu, Guangzhou
7	Guangzhou Paradiso Courtyard	95%	9,600	9,600	—	—	Haizhu, Guangzhou
8	Guangzhou Fortune Apartment	99.06%	135,400	135,400	—	—	Liwan, Guangzhou
9	Guangzhou Starry Golden Sands	100%	397,900	189,600	208,300	—	Baiyun, Guangzhou
10	Guangzhou Starry Wenhua	95%	221,900	221,900	—	—	Panyu, Guangzhou
11	Guangzhou Starry Wenhan	95%	164,400	164,400	—	—	Panyu, Guangzhou
12	Guangzhou Starry Wenyu	95%	141,400	141,400	—	—	Panyu, Guangzhou
13	Guangzhou Paradiso Riverside	95%	484,200	484,200	—	—	Panyu, Guangzhou
14	Guangzhou Paradiso Sunshine	95%	134,100	134,100	—	—	Panyu, Guangzhou
15	Southern Le Sand	95.48%	2,401,000	405,700	1,995,300	—	Nansha, Guangzhou
16	Guangzhou Lingnan Hillside	95%	323,400	323,400	—	—	Luogang, Guangzhou
17	Luogang Kaiyuan Avenue Land	95.48%	323,900	—	323,900	—	Luogang, Guangzhou
18	Luogang Changling Road Land	47.74%	446,600	—	446,600	—	Luogang, Guangzhou
19	Conghua Jiangpu Town Land	95.48%	188,400	188,400	—	—	Conghua, Guangzhou
	Other projects	N/A	<u>115,200</u>	<u>55,200</u>	<u>60,000</u>	—	Guangzhou
	Subtotal (Guangzhou)		<u>6,177,900</u>	<u>3,018,800</u>	<u>3,159,100</u>		
20	Jiangmen Starry Regal Court	95%	384,700	140,300	244,400	—	Pengjiang, Jiangmen
21	Zhongshan Starry Winking	95%	536,900	394,900	142,000	—	Nanqu, Zhongshan
22	Zhongshan Starry Junting	100%	152,700	152,700	—	—	Dongqu, Zhongshan
23	Zhongshan Bo'ai Road Project	95%	476,800	—	476,800	—	Dongqu, Zhongshan
24	Zhongshan Dongsheng Town Project	100%	427,300	—	427,300	—	Dongsheng, Zhongshan
25	Nanhai Starry Winking	95%	<u>290,700</u>	<u>290,700</u>	—	—	Nanhai, Foshan
	Subtotal (Pearl River Delta (excluding Guangzhou))		<u>2,269,100</u>	<u>978,600</u>	<u>1,290,500</u>		

No.	Project	Equity proportion	Land bank	Properties under development	Properties for future development	Location
			GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)	
26	Shenyang Yuexiu Hill Lake	99.95%	320,600	81,200	239,400	Shenbei, Shenyang
27	Shenyang Nanta Street Project	100%	706,700	109,800	596,900	Dongling, Shenyang
28	Shenyang Changbai Island Land	100%	183,600	—	183,600	Heping, Shenyang
29	Yantai Starry Phoenix	100%	219,800	219,800	—	Zhifu, Yantai
30	Yantai Development Zone Land	100%	601,000	—	601,000	Development Zone, Yantai
31	Qingdao Licang Land	100%	<u>488,600</u>	<u>—</u>	<u>488,600</u>	Licang, Qingdao
Subtotal (Bohai Rim Economic Zone)			<u>2,520,300</u>	<u>410,800</u>	<u>2,109,500</u>	
32	Hangzhou Starry City	100%	1,452,200	474,700	977,500	Lin'an, Hangzhou
33	Kunshan Huaqiao Land	48.45%	<u>536,300</u>	<u>—</u>	<u>536,300</u>	Huaqiao, Kunshan
Subtotal (Yangtze River Delta)			<u>1,988,500</u>	<u>474,700</u>	<u>1,513,800</u>	
34	Wuhan Starry Winking	100%	647,200	647,200	—	Qiaokou, Wuhan
35	Wuhan Jiang'an Land	95.48%	<u>627,700</u>	<u>—</u>	<u>627,700</u>	Jiangan, Wuhan
Subtotal (Central China Region)			<u>1,274,900</u>	<u>647,200</u>	<u>627,700</u>	
36	Hainan Simapo Island Land	47.50%	<u>98,000</u>	<u>—</u>	<u>98,000</u>	Haikou
Subtotal (the PRC)			<u>14,328,700</u>	<u>5,530,100</u>	<u>8,798,600</u>	
37	Hong Kong Yau Tong Project	100%	70,500	—	70,500	Hong Kong
38	Hong Kong Treasure Court Project	100%	1,400	—	1,400	Hong Kong
39	Hong Kong Prince Edward Road West Project	100%	3,900	—	3,900	Hong Kong
Subtotal (Hong Kong)			<u>75,800</u>	<u>—</u>	<u>75,800</u>	
Total			<u>14,404,500</u>	<u>5,530,100</u>	<u>8,874,400</u>	

Particulars of land bank by uses are summarized as follows:

No.	Project	Land bank	Residential	Commercial	Parking lots
		GFA (sq.m.)	properties GFA (sq.m.)	properties GFA (sq.m.)	and others GFA (sq.m.)
1	Guangzhou Fortune Century Square	62,500	—	34,300	28,200
2	Guangzhou Fortune Center	210,500	—	164,500	46,000
3	Asia Pacific Century Plaza	232,000	—	132,600	99,400
4	Sporty Stadium Building	125,000	—	106,300	18,700
5	Guangzhou Starry Yufu	34,900	20,700	500	13,700
6	Guangzhou Paradiso Garden	25,600	9,600	—	16,000
7	Guangzhou Paradiso Courtyard	9,600	7,000	—	2,600
8	Guangzhou Fortune Apartment	135,400	—	97,200	38,200
9	Guangzhou Starry Golden Sands	397,900	285,300	10,400	102,200
10	Guangzhou Starry Wenhua	221,900	141,700	1,800	78,400
11	Guangzhou Starry Wenhan	164,400	109,200	—	55,200
12	Guangzhou Starry Wenyu	141,400	88,900	2,500	50,000
13	Guangzhou Paradiso Riverside	484,200	265,500	48,700	170,000
14	Guangzhou Paradiso Sunshine	134,100	84,700	—	49,400
15	Southern Le Sand	2,401,000	1,404,700	519,100	477,200
16	Guangzhou Lingnan Hillside	323,400	184,300	35,000	104,100
17	Luogang Kaiyuan Avenue Land	323,900	223,600	—	100,300
18	Luogang Changling Road Land	446,600	299,000	9,500	138,100
19	Conghua Jiangpu Town Land	188,400	147,100	—	41,300
	Other projects	<u>115,200</u>	<u>32,800</u>	<u>—</u>	<u>82,400</u>
	Subtotal (Guangzhou)	<u>6,177,900</u>	<u>3,304,100</u>	<u>1,162,400</u>	<u>1,711,400</u>
20	Jiangmen Starry Regal Court	384,700	268,700	21,900	94,100
21	Zhongshan Starry Winking	536,900	335,000	82,200	119,700
22	Zhongshan Starry Juntong	152,700	110,100	4,300	38,300
23	Zhongshan Bo'ai Road Project	476,800	236,500	130,000	110,300
24	Zhongshan Dongsheng Town Project	427,300	338,400	31,100	57,800
25	Nanhai Starry Winking	<u>290,700</u>	<u>98,500</u>	<u>112,000</u>	<u>80,200</u>
	Subtotal (Pearl River Delta (excluding Guangzhou))	<u>2,269,100</u>	<u>1,387,200</u>	<u>381,500</u>	<u>500,400</u>

No.	Project	Land bank	Residential	Commercial	Parking lots
		GFA	properties	properties	and others
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
26	Shenyang Yuexiu Hill Lake	320,600	312,900	—	7,700
27	Shenyang Nanta Street Project	706,700	347,900	203,300	155,500
28	Shenyang Changbai Island Land	183,600	133,400	23,700	26,500
29	Yantai Starry Phoenix	219,800	115,500	32,300	72,000
30	Yantai Development Zone Land	601,000	456,500	10,300	134,200
31	Qingdao Licang Land	<u>488,600</u>	<u>323,000</u>	<u>24,700</u>	<u>140,900</u>
	Subtotal (Bohai Rim Economic Zone)	<u>2,520,300</u>	<u>1,689,200</u>	<u>294,300</u>	<u>536,800</u>
32	Hangzhou Starry City	1,452,200	1,040,000	157,000	255,200
33	Kunshan Huaqiao Land	<u>536,300</u>	<u>400,800</u>	<u>18,100</u>	<u>117,400</u>
	Subtotal (Yangtze River Delta)	<u>1,988,500</u>	<u>1,440,800</u>	<u>175,100</u>	<u>372,600</u>
34	Wuhan Starry Winking	647,200	303,300	204,900	139,000
35	Wuhan Jiang'an Land	<u>627,700</u>	<u>306,800</u>	<u>165,600</u>	<u>155,300</u>
	Subtotal (Central China Region)	<u>1,274,900</u>	<u>610,100</u>	<u>370,500</u>	<u>294,300</u>
36	Hainan Simapo Island Land	<u>98,000</u>	<u>—</u>	<u>67,600</u>	<u>30,400</u>
	Subtotal (the PRC)	<u>14,328,700</u>	<u>8,431,400</u>	<u>2,451,400</u>	<u>3,445,900</u>
37	Hong Kong Yau Tong Project	70,500	70,500	—	—
38	Hong Kong Treasure Court Project	1,400	1,400	—	—
39	Hong Kong Prince Edward Road West Project	<u>3,900</u>	<u>3,900</u>	<u>—</u>	<u>—</u>
	Subtotal (Hong Kong)	<u>75,800</u>	<u>75,800</u>	<u>—</u>	<u>—</u>
	Total	<u>14,404,500</u>	<u>8,507,200</u>	<u>2,451,400</u>	<u>3,445,900</u>

From the beginning of 2013 up the date herein, the Group acquired Hangzhou Lin'an Land Phase IV, with a site area of approximately 161,600 sq.m. and GFA of approximately 386,100 sq.m. at the consideration of RMB339 million. As at the date herein, the land bank owned by the Group was approximately 14.79 million sq.m.

Progress of Construction

In line with the Group's focus on sales, it has arranged its construction work based on sales schedules placing strong emphasis on project progress in order to provide effective support for sales. As a result, the Group allocated more resources on development and construction and made a great breakthrough in shortening the project development cycle, the average period from land acquisition to commencement of construction was shortened from two years to 10 – 18 months currently. Conghua Jiangpu Town Land was acquired on June 2012, with the construction commencing in the same year, achieving the goal of “commencing construction within half a year of land acquisition” set by the Group. In 2012, the GFA of newly constructed properties was approximately 2.58 million sq.m., achieving 123% of the annual scheduled GFA for new construction starts (i.e. 2.10 million sq.m.); and the completion GFA was approximately 1.06 million sq.m., achieving 106% of the annual target of completed GFA (i.e. approximately 1.0 million sq.m.). As of end of 2012, the GFA of properties under development was 5.53 million sq.m. with 25 projects.

No.	Project	New Construction	
		Starts GFA (sq.m.)	Completion GFA (sq.m.)
1	Guangzhou International Finance Center	—	51,900
2	Guangzhou Fortune Century Square	—	73,400
3	Guangzhou Fortune World Plaza	—	297,400
4	Guangzhou Paradiso Homeland	—	74,300
5	Huadu Glade Greenland	—	93,400
6	Guangzhou Paradiso Riverside	305,000	—
7	Southern Le Sand	151,000	206,000
8	Guangzhou Lingnan Hillside	323,400	—
9	Conghua Jiangpu Town Land	188,400	—
10	Jiangmen Starry Regal Court	—	196,500
11	Zhongshan Starry Winking	122,200	—
12	Nanhai Starry Winking	289,100	—
13	Hangzhou Starry City	474,700	—
14	Wuhan Starry Winking	541,100	—
15	Shenyang Yuexiu Hill Lake	73,400	46,200
16	Shenyang Nanta Street Project	109,800	—
	Others	—	23,700
Total		<u>2,578,100</u>	<u>1,062,800</u>

Investment Properties

As at the end of 2012, the Group owned investment properties under lease of approximately 571,900 sq.m. in total, of which the GFA of offices, commercial properties and parking lots accounted for approximately 25.3%, 33.1% and 41.6%, respectively. The investment properties of Group under construction was approximately 355,700 sq.m., mainly comprising of the commercial portions of Wuhan Starry Winking and Nanhai Starry Winking Project.

Major projects under leasing	GFA (sq.m.)	Office (sq.m.)	Commercial properties (sq.m.)	Car parking lots and others (sq.m.)	Location
Guangzhou Fortune World Plaza	34,300	—	34,300	—	Liwan, Guangzhou
Zhongshan Starry Winking (Commercial)	74,700	—	63,300	11,400	Nanqu, Zhongshan
Xiangkang Commercial Plaza	31,500	28,100	—	3,400	Yuexiu, Guangzhou
Jin Han Building	45,800	45,800	—	—	Yuexiu, Guangzhou
Hong Kong Property	32,500	19,200	11,100	2,200	Hong Kong
Guang Yuan Cultural Center	32,000	—	20,700	11,300	Yuexiu, Guangzhou
Huangshi Garden	21,000	—	21,000	—	Baiyun, Guangzhou
Victory Plaza	500	500	—	—	Tianhe, Guangzhou
Yuexiu City Plaza	35,000	—	16,700	18,300	Yuexiu, Guangzhou
Other projects (including car parks)	<u>264,600</u>	<u>28,300</u>	<u>87,800</u>	<u>148,500</u>	Guangzhou
Total	<u>571,900</u>	<u>121,900</u>	<u>254,900</u>	<u>195,100</u>	

Major projects under construction	GFA (sq.m.)	Office (sq.m.)	Commercial properties (sq.m.)	Car parking lots and others (sq.m.)	Location
Wuhan Starry Winking (Commercial)	244,300	162,300	43,300	38,700	Qiaokou, Wuhan
Nanhai Starry Winking (Commercial)	<u>111,400</u>	—	<u>111,400</u>	—	Nanhai, Foshan
Total	<u>355,700</u>	<u>162,300</u>	<u>154,700</u>	<u>38,700</u>	

In 2012, the Group recorded an appreciation upon the revaluation of investment properties of RMB 1.567 billion, representing a significantly decrease by 68% over the previous year. The decrease was mainly due to the completion of Guangzhou IFC as an investment property in the prior year which recorded an appreciation in value of RMB 4.715 billion during the period. The appreciation on investment properties in the current year was also mainly due to the appreciation on the revaluation of investment properties recorded by Guangzhou IFC in the first half of 2012 as well as the appreciation upon the revaluation of investment properties located in Guangzhou including Guangzhou Fortune World Plaza.

Selling and marketing costs and administrative expenses

During the year, the Group's selling and marketing costs amounted to approximately RMB465 million, an increase of 82.2% over the previous year, the increase in selling and marketing costs was primarily attributable to more projects being launched for sale in 2012, including 11 new projects, including Guangzhou Starry Wenhan (廣州星匯文翰), Guangzhou Starry Wenyu (廣州星匯文宇), Guangzhou Paradiso Garden (廣州可逸錦苑), Guangzhou Paradiso Riverside (廣州可逸江畔), Guangzhou Paradiso Sunshine (廣州可逸陽光) and Zhongshan Starry Winking (中山星匯雲錦), resulting in contracted sales value hitting a new record and a corresponding increase in advertising and promotional expenses over the previous year. The proportion of selling and marketing costs (calculated as total sales and marketing costs as a percentage of contract value) was approximately 3.8% , representing only a slight increase of 1% as compared to 2.8% recorded last year.

During the year, total administrative expenses was approximately RMB831 million, increased by 13.8% over the previous year. The increase in administrative expenses was mainly due to the growing workforce as the Group continued to expand its operations and as projects outside of Guangzhou entered into the development period. Meanwhile, the Group continued to improve cost control by strict implementation of the annual budget on costs. The proportion of administrative expenses (calculated as total administrative expenses as a percentage of contract sales value) was approximately 6.8%, representing a decrease of 1.3% as compared to 8.1% recorded over the previous year.

Finance costs

As a result of the increase in the bank borrowings and the associated interest rates, the Group's interest expense before capitalisation during 2012 was approximately RMB1.707 billion, an increase of 43% as compared to approximately RMB1.191 billion recorded over the previous year. Meanwhile, due to the increase in projects under development as compared to last year, capitalized interest expense increased to approximately RMB1.154 billion from approximately RMB718 million over the previous year. As a result, total finance costs recognized as expenses were approximately RMB553 million, an increase of 17% as compared to approximately RMB473 million recorded last year.

Share of profit from associated entities

For the year ended 31 December 2012, overall net contribution from the Group's associated entities decreased sharply by 48.8% to RMB246 million as compared to last year. This was mainly due to the significantly decrease in the appreciated value on revaluation of investment properties of Yuexiu REIT, in which 35.14% of its units were held by the Group, resulting in the decrease in Yuexiu REIT's profit after taxation by 48.6% from last year to approximately RMB688 million. The share of profits attributable to the Group amounted to approximately RMB242 million.

Taxation

For the year ended 31 December 2012, the Group's tax expenses amounted to approximately RMB2.075 billion, representing a significant decrease of 31% as compared to approximately RMB3.008 billion last year. This was also mainly due to the decrease in revenue and gains on revaluation of investment properties recognised during the year.

Earnings per share

For the year ended 31 December 2012, basic earnings per share attributable to equity holders of the Company were RMB0.2672 (2011: RMB0.5640).

Final dividend

The Board has recommended the payment of a final dividend for 2012 of HK\$0.022 per share which is equivalent to RMB0.018 per share (2011: HK\$0.045 per share which was equivalent to RMB0.037 per share) and a special dividend of HK\$0.031 per share which is equivalent to RMB0.025 payable to shareholders whose names appear on the Register of Members of the Company at 5:00 pm on 6 June 2013. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company, the final dividend will be paid on or about 26 June 2013. Together with the interim dividend of HK\$0.042 per share which was equivalent to approximately RMB0.034 per share, total dividends for the year ended 31 December 2012 will amount to HK\$0.095 per share which is equivalent to approximately RMB0.077 per share.

Dividends payable to shareholders will be paid in Hong Kong dollars (“HK\$”). The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HK\$ to RMB, as announced by the People’s Bank of China, for the five business days preceding the date of dividend declaration.

Liquidity and financial resources

As at 31 December 2012, the Group’s working capital (current assets less current liabilities) amounted to approximately RMB27.275 billion (31 December 2011: approximately RMB19.760 billion). The Group’s current ratio (current assets over current liabilities) was 1.99 times. Cash and cash equivalents amounted to approximately RMB7.06 billion (31 December 2011: RMB4.821 billion). Charged bank deposits amounted to approximately RMB2.203 billion (31 December 2011: RMB1.307 billion). Undrawn committed bank facilities amounted to approximately RMB3.9 billion.

The Group's major sources of liquidity are from cash inflows of its business operations and committed bank facilities. The Group strongly believes that it is important to maintain a healthy and stable liquidity level so as to meet the needs of a fast-changing external market and to safeguard the business development of the Group. Therefore, the Group places great emphasis specifically on liquidity management and risk control. Other than maintaining good relationships with financial institutions in Hong Kong and Mainland China, the Group strives to explore alternative financing channels with a focus to lower financing costs. It monitors the capital and debt structure on a continuous basis making adjustments where appropriate in order to enhance its ability to mitigate risks.

Capital structure

The Group's debts are summarized as follow:

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Bank borrowings (floating rate)		
Denominated in RMB	12,566,252	14,347,503
Denominated in Hong Kong dollars	7,250,185	6,808,442
Denominated in United States dollars	<u>314,323</u>	<u>625,679</u>
Total bank borrowings	20,130,760	21,781,624
Finance lease obligations	161	224
Overdrafts	<u>56</u>	<u>318</u>
Total debts	<u>20,130,977</u>	<u>21,782,166</u>
Ageing analysis:		
Repayable within one year	6,828,742	10,590,713
In the second year	7,219,978	4,842,425
In the third to fifth year	5,490,657	3,349,028
Beyond five years	<u>591,600</u>	<u>3,000,000</u>
Total borrowings	20,130,977	21,782,166
Less: Cash and cash equivalents	<u>(7,060,453)</u>	<u>(4,820,904)</u>
Net borrowings	13,070,524	16,961,262
Shareholders' equity (excluding minority interests)	<u>22,158,140</u>	<u>20,186,647</u>
Total capitalization	<u>35,228,664</u>	<u>37,147,909</u>
Gearing ratio	37.1%	45.7%

In 2012, under the circumstances of persistent tightening of macroeconomic policies and the uncertainties of relaxation in the credit environment, the Group actively sought for innovative financing channels. During the year, the Group completed refinancing of approximately RMB13.9 billion. Part of the high interest rate loans were replaced and reduced the finance costs effectively. During the year, the Group was also brought approximately RMB5.4 billion of cash inflow through the transfer of Guangzhou IFC and Popark Plaza and reduced bank borrowings by approximately RMB4.5 billion, optimizing the overall financing structure. The gearing ratio decreased to 37.1% from 45.7% last year, net debt ratio decreased to 47.0% from 75.9% last year. In January 2013, the successful issuance of US\$350 million 5-year corporate bonds at 3.25% per annum and US\$500 million 10-year corporate bonds at 4.5% per annum adjusted the ratio between domestic and overseas borrowings to 50:50, enhanced the financing structure by increasing the ratio of medium to long term borrowings, hence reducing the overall average cost of borrowings.

Capital expenditures and investments

During the period, the Group's capital expenditures on property, plant and equipment, construction in progress, investment properties and land use rights amounted to approximately RMB932 million.

Interest rate exposure

Interest expenses accounted for a significant proportion of the Group's finance costs, and are charged at floating rates. The Group will continue to closely monitor the trend of interest rate fluctuations in the market and seeks to adopt appropriate risk management measures. The Group will explore appropriate interest rates hedging tools if and when deemed appropriate in the future with a view to mitigating interest rate risks. Meanwhile, the Group will also continue to seek more Hong Kong dollar borrowings so as to take advantage of Hong Kong dollar's lower interest rate.

Foreign exchange exposure

As the business operations of the Group are mainly in Mainland China, income and cash flows are primarily denominated in Renminbi (RMB). The main cash outflows in Hong Kong are related to cash dividend payments to shareholders and repayment of bank borrowings. The Group will review and monitor its currency exposure from time to time and will adopt appropriate currency swaps as and when appropriate to hedge its currency risks.

Commitments for leasehold land and property, plant and equipment

As at 31 December 2012, the Group had commitment for land use right of approximately RMB2 billion (31 December 2011: RMB1.079 billion).

Other than the above, the Group also had capital commitments in respect of purchases of property, plant and equipment and investment properties amounting to approximately RMB554 million (31 December 2011: RMB1.456 billion).

Contingent liabilities

The Group arranged bank loans for certain purchasers of the Group's properties in the PRC has and provided transitional guarantees in respect of the performance of loan repayment liabilities. Pursuant to the terms of the guarantee contracts, upon default in repayments by those purchasers, the Group will be responsible for repaying the outstanding mortgage principals together with accrued interest in performing its liabilities under the guarantee, and the Group will then be entitled to take over the legal title and possession of the related properties. Such guarantees will terminate upon issuance of the relevant property ownership certificates. As at 31 December 2012, total contingent liabilities relating to these guarantees amounted to approximately RMB1.887 billion (31 December 2011: RMB2.123 billion).

As at 31 December 2012, in connection with the disposal of a subsidiary to Yuexiu REIT in 2008, the Group entered into a Deed of Indemnity to indemnify Yuexiu REIT against certain liabilities for land premium, mortgage guarantees and deferred taxation with an estimated total amount of approximately RMB60 million. The Deed of Indemnity will expire on 30 May 2014.

Employees and remuneration policy

As at 31 December 2012, the Group had approximately 6,200 employees (31 December 2011: 5,800 employees). The Group remunerates its employees largely based on industry practice, including contributory provident funds and other employee benefits. Other employee benefits include contributory provident funds, insurance and medical coverage, educational allowances and training programs. The Group has also adopted share option schemes, with options awarded to employees according to their individual performance. Promotion and salary adjustments are based on performance.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2012, the Company has been in compliance with the code provisions as set out in the Corporate Governance Code (applicable to financial reports covering the period after 1 April 2012) and the former Code on Corporate Governance Practices, with the exceptions of code provision A.4.1 and A.6.7.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive directors of the Company is appointed for a specific term. However, all the non-executive directors of the Company are subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company's Articles of Association. All the non-executive directors of the Company had retired by rotation and have been re-elected during the past 3 years.

Code Provision A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors should attend general meetings of the Company. Mr. Lee Ka Lun, an independent non-executive director of the Company, was unable to attend the annual general meeting of the Company held on 6 June 2012 due to an overseas commitment.

REVIEW OF ANNUAL RESULTS

The annual results have been reviewed by the audit committee of the Company.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 28 May 2013 to Monday, 3 June 2013, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining the shareholders' eligibility to participate in the forthcoming annual general meeting of the Company to be held on 3 June 2013, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 27 May 2013.

The Company's shares will be traded ex-dividend on Wednesday, 5 June 2013. The record date for the entitlement to the final dividend is at 5:00 p.m. on Thursday, 6 June 2013. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:30 p.m. on 6 June 2013.

By order of the Board
Yuexiu Property Company Limited
LU Zhifeng
Chairman

Hong Kong, 21 March 2013

As at the date of this announcement, the Board of the Company comprises:

Executive Directors: LU Zhifeng (Chairman), ZHANG Zhaoxing, TANG Shouchun, CHEN Zhihong and LAM Yau Fung Curt

Independent Non-executive Directors: YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose