合景泰富地產

KWG PROPERTY HOLDING LIMITED
合景泰富地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1813)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

HIGHLIGHTS

- Revenue for the year ended 31 December 2012 amounted to RMB9,676.4 million, a slight decrease of 4.4% compared with the financial year of 2011.
- Profit attributable to owners of the Company amounted to RMB2,406.4 million, a growth of 14.4% as compared with the financial year of 2011.
- Gross profit margin and net profit margin were 36.5% and 25.1%, respectively.
- Earnings per share increased by 13.7% to RMB83 cents as compared with the financial year of 2011.
- Proposed to declare final dividend of RMB15 cents per ordinary share.

The board of directors (the "Board") of KWG Property Holding Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2012

	Notes	**2012** *RMB'000*	2011 *RMB'000*
REVENUE	6	**9,676,422**	10,122,595
Cost of sales		**(6,140,564)**	(5,650,499)
Gross profit		**3,535,858**	4,472,096
Other income and gains, net	6	**73,709**	94,014
Selling and marketing expenses		**(250,981)**	(231,813)
Administrative expenses		**(642,557)**	(532,574)
Other operating expenses, net		**(1,318)**	(5,545)
Fair value gains on investment properties, net		**643,153**	325,656
Finance costs	7	**(70,375)**	(124,979)
Share of profits and losses of:			
Associates		**(1,877)**	(4,608)
Jointly-controlled entities		**480,375**	(12,312)
PROFIT BEFORE TAX	8	**3,765,987**	3,979,935
Income tax expenses	9	**(1,333,017)**	(1,876,028)
PROFIT FOR THE YEAR		**2,432,970**	2,103,907
Attributable to:			
Owners of the Company		**2,406,368**	2,103,368
Non-controlling interests		**26,602**	539
		2,432,970	2,103,907
Earnings per share attributable to owners of the Company — Basic and diluted	11	**RMB83 cents**	RMB73 cents

Details of the dividends proposed for the year are disclosed in note 10.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	2012	2011
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**2,432,970**	2,103,907
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**7,045**	102,698
Share of exchange differences on translation of associates	**2,938**	34,538
Share of exchange differences on translation of jointly-controlled entities	**7,394**	16,247
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**17,377**	153,483
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,450,347**	2,257,390
Attributable to:		
Owners of the Company	**2,423,745**	2,256,851
Non-controlling interests	**26,602**	539
	2,450,347	2,257,390

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**2,688,047**	1,778,937
Investment properties		**5,254,772**	4,234,290
Land use rights		**1,055,911**	1,060,030
Long term prepayments		**251,870**	—
Interests in associates		**641,975**	1,998,766
Interests in jointly-controlled entities		**8,306,895**	6,508,942
Deferred tax assets		**966,263**	881,880
Total non-current assets		**19,165,733**	16,462,845
CURRENT ASSETS			
Properties under development		**17,950,793**	17,933,719
Completed properties held for sale		**3,987,615**	3,022,634
Trade receivables	13	**86,414**	60,772
Prepayments, deposits and other receivables		**1,094,206**	1,574,683
Due from a jointly-controlled entity		**—**	43,713
Taxes recoverable		**135,273**	114,748
Restricted cash		**1,517,229**	1,348,580
Cash and cash equivalents		**4,927,197**	4,024,609
Total current assets		**29,698,727**	28,123,458
CURRENT LIABILITIES			
Trade payables	14	**3,107,723**	2,934,780
Other payables and accruals		**6,858,708**	7,684,208
Due to associates		**—**	1,081,720
Due to jointly-controlled entities		**2,454,234**	589,631
Interest-bearing bank and other borrowings		**3,100,173**	3,409,572
Taxes payable		**3,374,145**	3,290,594
Total current liabilities		**18,894,983**	18,990,505
NET CURRENT ASSETS		**10,803,744**	9,132,953
TOTAL ASSETS LESS CURRENT LIABILITIES		**29,969,477**	25,595,798
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**13,090,415**	10,424,816
Deferred tax liabilities		**814,683**	766,964
Deferred revenue		**711,000**	711,000
Total non-current liabilities		**14,616,098**	11,902,780
NET ASSETS		**15,353,379**	13,693,018

	Notes	**2012**	2011
		RMB'000	*RMB'000*
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**280,485**	280,485
Reserves		**14,567,073**	12,573,827
Proposed final dividends	10	**433,973**	636,493
		15,281,531	13,490,805
Non-controlling interests		**71,848**	202,213
TOTAL EQUITY		**15,353,379**	13,693,018

Notes:

1. CORPORATE INFORMATION

KWG Property Holding Limited is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was involved in the following principal activities in the People's Republic of China (the "PRC"):

- property development
- property investment
- hotel operation
- provision of property management services

In the opinion of the directors, the immediate and ultimate holding company of the Company is Plus Earn Consultants Limited, which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income ("OCI") is reclassified to profit or loss or retained profits, as appropriate.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of amendments to HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes — Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties was provided on the basis that the carrying amount will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties.

The presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale has been rebutted by the Group as the Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly deferred tax has been determined on the basis of recovery through use. The adoption of the amendments did not have any impact on the financial position or performance of the Group.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009–2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1 January 2013.

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. Based on the preliminary analysis performed, HKFRS 10 is not expected to have any impact on the currently held investments by the Group.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 January 2013.

The HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 January 2013.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 January 2013.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

The *Annual Improvements to HKFRSs 2009–2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2013. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

    In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

5. SEGMENT INFORMATION

For management purposes, the Group is organised into four reportable operating segments as follows:

(a) Property development: Sale of properties

(b) Property investment: Leasing of properties

(c) Hotel operation: Operation of hotels

(d) Property management: Provision of property management services

The property development projects undertaken by the Group during the year are all located in the PRC.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

The Group's revenue from external customers is derived solely from its operations in the PRC, and no non-current assets of the Group are located outside the PRC.

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Year ended 31 December 2012

	Property development *RMB'000*	Property investment *RMB'000*	Hotel operation *RMB'000*	Property management *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	**9,330,231**	**143,315**	**83,886**	**118,990**	**9,676,422**
Segment results	**3,500,751**	**784,963**	**(6,309)**	**11,049**	**4,290,454**
Reconciliation:					
Interest income and unallocated income					**73,709**
Unallocated expenses					**(527,801)**
Finance costs					**(70,375)**
Profit before tax					**3,765,987**
Income tax expenses					**(1,333,017)**
Profit for the year					**2,432,970**
Other segment information:					
Depreciation and amortisation	**40,379**	**2,565**	**37,304**	**650**	**80,898**
Fair value gains on investment properties, net	**—**	**643,153**	**—**	**—**	**643,153**
Share of profits and losses of:					
Associates	**(1,877)**	**—**	**—**	**—**	**(1,877)**
Jointly-controlled entities	**480,375**	**—**	**—**	**—**	**480,375**

Year ended 31 December 2011

	Property development *RMB'000*	Property investment *RMB'000*	Hotel operation *RMB'000*	Property management *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	9,815,408	138,616	70,236	98,335	10,122,595
Segment results	3,975,954	458,449	14,797	8,353	4,457,553
Reconciliation:					
Interest income and unallocated income					94,014
Unallocated expenses					(446,653)
Finance costs					(124,979)
Profit before tax					3,979,935
Income tax expenses					(1,876,028)
Profit for the year					2,103,907
Other segment information:					
Depreciation and amortisation	16,332	2,553	18,181	332	37,398
Fair value gains on investment properties, net	—	325,656	—	—	325,656
Share of losses of:					
Associates	(4,608)	—	—	—	(4,608)
Jointly-controlled entities	(12,312)	—	—	—	(12,312)

6. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents the gross proceeds, net of business tax, from the sale of properties, gross rental income received and receivable from investment properties, gross revenue from hotel operation and property management fee income during the year.

An analysis of revenue, other income and gains, net is as follows:

	2012	2011
	RMB'000	*RMB'000*
Revenue		
Sale of properties	**9,330,231**	9,815,408
Gross rental income	**143,315**	138,616
Hotel operation income	**83,886**	70,236
Property management fees	**118,990**	98,335
	9,676,422	10,122,595
Other income and gains, net		
Bank interest income	**47,530**	45,726
Foreign exchange differences, net	**—**	33,998
Others	**26,179**	14,290
	73,709	94,014

7. FINANCE COSTS

	2012	2011
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**1,618,184**	1,165,699
Less: Interest capitalised	**(1,547,809)**	(1,040,720)
	70,375	124,979

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2012	2011
	RMB'000	*RMB'000*
Cost of properties sold	**6,110,846**	5,680,748
Less: Government grant released	**(49,528)**	(88,316)
	6,061,318	5,592,432
Depreciation	**76,399**	35,983
Amortisation of land use rights	**29,662**	21,508
Less: Amount capitalised in assets under construction	**(25,163)**	(20,093)
	4,499	1,415
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**332,803**	266,115
Pension scheme contributions	**23,776**	16,691
Equity-settled share option expense/(reversal)	**1,649**	(868)
Less: Amounts capitalised in assets under construction, properties under development and investment properties under development	**(106,924)**	(91,790)
	251,304	190,148
Loss on disposal of investment properties, net	**697**	4,950
Loss on disposal of items of property, plant and equipment	**31**	98

9. INCOME TAX EXPENSES

	2012	2011
	RMB'000	*RMB'000*
Current — PRC		
Corporate income tax ("CIT")	**804,665**	1,057,807
Land appreciation tax ("LAT")	**605,867**	994,266
	1,410,532	2,052,073
Deferred	**(77,515)**	(176,045)
Total tax charge for the year	**1,333,017**	1,876,028

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2012 and 2011.

PRC Corporate Income Tax

PRC CIT in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2012 and 2011, based on existing legislation, interpretations and practices in respect thereof.

PRC Land Appreciation Tax

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

10. DIVIDENDS

	2012	2011
	RMB'000	*RMB'000*
Proposed final — RMB15 cents (2011: RMB22 cents) per ordinary share	**433,973**	636,493

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting ("2012 AGM").

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 2,893,150,000 (2011: 2,893,150,000) in issue during the year.

For the year ended 31 December 2012, the calculation of diluted earnings per share amounts is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation of 2,893,150,000 plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares of 7,637.

No adjustment had been made to the basic earnings per share amount presented for the year ended 31 December 2011 in respect of a dilution as the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

The calculation of basic and diluted earnings per share is based on:

	2012	2011
	RMB'000	*RMB'000*
Earnings		
Profit attributable to owners of the Company	**2,406,368**	2,103,368

	Number of shares	
	2012	2011
Shares		
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	**2,893,150,000**	2,893,150,000
Effect of dilution — share options	**7,637**	—
Weighted average number of ordinary shares used in diluted earnings per share calculation	**2,893,157,637**	2,893,150,000

12. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2012, the Group incurred approximately RMB1,042,085,000 (2011: approximately RMB471,935,000) on additions of property, plant and equipment.

13. TRADE RECEIVABLES

Trade receivables mainly consist of receivables from the sale of properties, rentals under operating leases and provision of property management services. The payment terms of the sale of properties are stipulated in the relevant sale and purchase agreements. An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	2012	2011
	RMB'000	*RMB'000*
Within 3 months	**41,359**	47,949
4 to 6 months	**8,482**	2,490
7 to 12 months	**19,899**	2,540
Over 1 year	**16,674**	7,793
	86,414	60,772

14. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period is as follows:

	2012	2011
	RMB'000	*RMB'000*
Due within one year or on demand	**3,107,723**	2,934,780

The trade payables are non-interest-bearing and are normally settled on terms of three to six months.

15. SUBSEQUENT EVENT

On 29 January 2013, the Company issued 8.625% senior notes with a nominal value of US$300,000,000 (equivalent to approximately RMB1,885,530,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 5 February 2020. The senior notes carry interest at a rate of 8.625% per annum, which is payable semi-annually in arrears on 5 February and 5 August of each year commencing on 5 August 2013. For further details on the senior notes, please refer to the related announcements of the Company dated 29 January 2013, 30 January 2013 and 5 February 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Revenue of the Group comprises primarily the (i) gross proceeds, net of business tax, from the sale of properties, (ii) gross recurring revenue received and receivable from investment properties, (iii) gross revenue from hotel room rentals, food and beverage sales and other ancillary services when the services are rendered and (iv) property management fee income. The revenue is primarily generated from its four business segments: property development, property investment, hotel operation and provision of property management services.

The revenue amounted to approximately RMB9,676.4 million in 2012, representing a slight decrease of 4.4% from approximately RMB10,122.6 million in 2011, primarily due to the decrease of total gross floor area ("GFA") delivered in sales of properties in 2012.

In 2012, the revenue generated from property development, property investment, hotel operation and property management services were approximately RMB9,330.2 million, RMB143.3 million, RMB83.9 million and RMB119.0 million, respectively.

Property development

Revenue generated from property development slightly decreased by 4.9% to approximately RMB9,330.2 million in 2012 from approximately RMB9,815.4 million in 2011, primarily due to a 13.2% decrease in the total GFA delivered to 796,370 sq.m. in 2012 from 917,777 sq.m. in 2011. Despite the decrease in GFA delivered, the Group maintained a high recognised average selling price at RMB11,716 per sq.m., as compared to RMB10,695 per sq.m. for 2011, reflecting a better product mix as well as an upgrade on city mix.

Property investment

Revenue generated from the property investment slightly increased by 3.4% to approximately RMB143.3 million in 2012 from approximately RMB138.6 million in 2011.

Hotel operation

Revenue generated from hotel operation increased by 19.5% to approximately RMB83.9 million in 2012 from approximately RMB70.2 million in 2011, primarily attributable to 2012 being the first full year of operation for Sheraton Guangzhou Huadu Resort since its soft launch in 2011.

Provision of property management services

Revenue generated from the provision of property management services increased by 20.9% to approximately RMB119.0 million in 2012 from approximately RMB98.4 million in 2011, primarily attributable to an increase in the number of properties under management.

Cost of sales

Cost of sales of the Group primarily represents the costs we incur directly for the Group's property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct cost of construction, cost of obtaining land use rights and capitalised borrowing cost on related borrowed funds during the period of construction.

Cost of sales increased by 8.7% to approximately RMB6,140.6 million in 2012 from approximately RMB5,650.5 million in 2011, primarily due to an overall increase in cost of properties sold.

Land cost per sq.m. increased from RMB1,867 in 2011 to RMB2,337 in 2012, reflecting the upgrade on city mix with relatively higher land costs.

Construction cost per sq.m. increased from RMB3,870 in 2011 to RMB4,660 in 2012, principally due to the increase in delivery of high-end products with relatively higher construction costs.

Gross profit

Gross profit of the Group decreased by 20.9% to approximately RMB3,535.9 million in 2012 from approximately RMB4,472.1 million in 2011. The decrease in gross profit was primarily attributable to the decrease in the total revenue in 2012. The decrease in gross profit was partially offset by the increase in average selling price as discussed. The Group reported a gross profit margin of 36.5% for 2012 as compared with 44.2% for 2011.

Other income and gains, net

Other income and gains decreased by 21.6% to approximately RMB73.7 million in 2012 from approximately RMB94.0 million in 2011, mainly comprising interest income of approximately RMB47.5 million.

Selling and marketing expenses

Selling and marketing expenses of the Group increased by 8.3% to approximately RMB251.0 million in 2012 from approximately RMB231.8 million in 2011, which is primarily due to an increase of 13.5% in advertising expenses to approximately RMB128.2 million in 2012 from approximately RMB113.0 million in 2011, which was largely attributable to increased advertising for our new projects, such as Pearl Coast in Hainan, Shanghai Emerald, Shanghai Apex and Shanghai Sapphire in Shanghai, Suzhou Apex and Suzhou Emerald in Suzhou and L7 in Guangzhou.

Administrative expenses

Administrative expenses of the Group increased by 20.7% to approximately RMB642.6 million in 2012 from approximately RMB532.6 million in 2011, primarily attributable to an increased headcount to catch up with the rapid development of the Group in various regional offices in order to achieve its long term goal. The Group believes that people are key elements for future growth and grasping the opportunities ahead. The Group also provided extensive training, built incentive schemes as well as a teamwork-oriented corporate culture with high sense of belonging to retain experienced employees. The soft launch of our Sheraton Guangzhou Huadu Resort in 2011 as discussed earlier also contributed to the increment in 2012.

Other operating expenses, net

Other operating expenses of the Group was approximately RMB1.3 million in 2012 (2011: approximately RMB5.5 million), mainly comprising operating costs of facilities at our residential development such as clubhouses and dining facilities.

Fair value gains on investment properties, net

The Group reported net fair value gains on investment properties of approximately RMB643.2 million for 2012 (2011: approximately RMB325.7 million), mainly related to various leaseable commercial properties in various regions. The fair value gains attributable to those leaseable commercial properties, including International Finance Place ("IFP"), The Summit, Chengdu Cosmos, The Sapphire, Biological Island II and J2-2 Project, were approximately RMB635.3 million for 2012.

Finance costs

Finance costs of the Group being approximately RMB70.4 million in 2012 (2011: approximately RMB125.0 million), related to the borrowing costs on certain general corporate loans and partial senior notes. Since such borrowings were not earmarked for project development, thus such borrowing costs have not been capitalised.

Income tax expenses

Income tax expenses decreased by 28.9% to approximately RMB1,333.0 million in 2012 from approximately RMB1,876.0 million in 2011, primarily due to a decrease in profit before tax and provision for LAT as a result of the decrease in total GFA delivered in sales of properties in 2012.

Profit for the year

The Group reported profit for the year of approximately RMB2,433.0 million for 2012 (2011: approximately RMB2,103.9 million). Net profit margin increased to 25.1% for 2012 from 20.8% for 2011, as a result of the cumulative effect of the foregoing factors.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2012, the carrying amount of the Group's cash and bank deposits was approximately RMB6,444.4 million (31 December 2011: approximately RMB5,373.2 million), representing an increase of 19.9% as compared to that as at 31 December 2011.

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. As at 31 December 2012, the carrying amount of the restricted cash was approximately RMB1,517.2 million (31 December 2011: approximately RMB1,348.6 million).

Borrowings and charges on the Group's assets

As at 31 December 2012, the Group's bank and other loans and senior notes were approximately RMB10,013.3 million and RMB6,177.3 million respectively. Amongst the loans, approximately RMB3,100.2 million were repayable within 1 year, approximately RMB6,174.1 million were repayable between 2 and 5 years and approximately RMB739.0 million will be repayable over 5 years. The senior notes were repayable between 2 and 5 years.

As at 31 December 2012, the Group's bank and other loans of approximately RMB9,516.7 million were secured by property, plant and equipment, land use rights, investment properties, properties under development, completed properties held for sale and time deposits of the Group with total carrying values of approximately RMB14,074.9 million and equity interests of certain subsidiaries and an associate of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares.

The carrying amounts of all the Group's bank and other loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately HK$1,392.4 million as at 31 December 2012 which were denominated in Hong Kong dollar. All of the Group's bank and other loans were charged at floating interest rates except for loan balances with an aggregate amount of RMB697.1 million were charged at fixed interest rates as at 31 December 2012. The Group's senior notes were denominated in U.S. dollar and charged at fixed interest rates as at 31 December 2012.

Gearing ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and cash equivalents and restricted cash) over the total equity. As at 31 December 2012, the gearing ratio was 63.5% (31 December 2011: 61.8%). The increase in gearing ratio in 2012 mainly reflecting increased cash utilisation in the ongoing property development projects.

Risk of exchange rate fluctuation

The Group mainly operates in the PRC, so most of its revenues and expenses are measured in RMB. The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the People's Bank of China.

During 2012, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar maintained a relatively stable level and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

CONTINGENT LIABILITIES

(i) As at 31 December 2012, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB4,578.4 million (31 December 2011: approximately RMB6,642.6 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the Board considers that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements as at 31 December 2012 and 2011 for the guarantees.

(ii) As at 31 December 2012 and 2011, the Group had provided guarantees in respect of certain bank loans for jointly controlled entities.

(iii) As at 31 December 2012 and 2011 , the Group had provided a guarantee in respect of a bank loan of RMB700.0 million for the ex-owner of The Summit in Guangzhou, PRC.

MARKET REVIEW

2012 was highlighted by the continued implementation of real estate austerity measures by the PRC Central Government. During the year, the Home Purchase Restriction policy continued to apply in 46 cities across the nation. The bank deposit reserve ratio has been lowered twice in February and May, which facilitated the relative easing of property mortgage. In July, the benchmark bank lending rate for loans over 5 years and the interest rate for housing provident loans of individuals were cut by 0.25 and 0.20-0.25 percentage points, respectively, which eased bank mortgage for first home purchasers. These measures were designed to encourage purchases by end-users while curbing speculative and investment demands.

Since the 18th CPC National Congress meeting, the PRC Central Government has determined to implement property market austerity measures as an on-going policy while stepping up with the construction of social affordable housing, in a bid to guide the real estate industry towards longer term healthy development.

BUSINESS REVIEW

During 2012, the Group launched several new projects in Shanghai, including Shanghai Emerald, Amazing Bay, Shanghai Sapphire and Shanghai Apex, through which the Group was able to establish footprint in Shanghai. This demonstrates its strong ability to execute projects in new cities beyond Guangzhou. New projects such as Chengdu Sky Ville, Pearl Coast in Hainan and Suzhou Emerald were introduced in the second half of the year, bringing the number of sales contributing projects to 19. The Group responded to property market regulation by making additional efforts in exploring its existing regions and cities, enhancing product research and adopting timely adjustments to sales strategies and product types to accommodate market changes and customers' demands, with the aim of pursuing prudent development in cities in which it operates in.

To address changes in property market, the Group made timely adjustments to its project development strategies and schedules. While focusing on desired product types, the Group aimed at maintaining sufficient saleable resources and faster cash collection at controlled costs, in shortened development cycle and with higher efficiency and quality.

The Group accelerated sales by launching commercial projects that are not subject to the Home Purchase Restriction and mortgage restrictions. During the year, the Group made major marketing efforts to launch various products, such as The Riviera, a high-end serviced apartment project located in Pearl River New Town, Guangzhou, L7 in Guangzhou featuring modern designs, as well as Shanghai Sapphire located in the heart of Jiading, Shanghai. At the same time, the Group continued to launch commercial products within its existing projects in Guangzhou, Suzhou, Chengdu and Beijing, such as serviced apartments and retail shops catering to various consumers.

The Group sought to meet the needs of different consumer groups by introducing products of varieties. Shanghai Emerald, a brand new project located at the centre of Jiading, Shanghai was officially launched in January 2012, featuring residences with unit area of 90 sq.m and below. The project has been well received by the market since its debut owing to its convenient location, ample facilities and surrounding transportation links. The outperforming sales of Shanghai Emerald have not only enhanced the Group's reputation and market position in Shanghai, but also serves as a solid guide and reference for the Group's strategic planning and integrated marketing. At the end of September 2012, Chengdu Sky Ville was launched around the National Day holidays, the first batch of which comprised exquisitely fitted flats of approximately 120-200 sq.m. The property won wide acclaim upon launch for its unique design and excellent facilities.

The Group continued to monitor changes in government policies for the land market during the year with a focus on cost and location, as it sought to seize the right opportunity to add premium sites to its land bank. In the second half of the year, the Group replenished its land bank with the acquisitions of 5 premium and appropriately sized land parcels in Guangzhou, Shanghai and Suzhou at reasonable prices within our land budget. As at 31 December 2012, the Group holds a land bank with an aggregate GFA of approximately 9.2 million sq.m., which should be sufficient for future development for 5–6 years.

The Group has been taking advantage of its diversified financing channels to secure new capital for future growth. In March 2012, the Group successfully issued senior notes in the amount of US$400 million. Furthermore, the Group obtained additional loans from domestic banks with which it maintained close working relationships. In the meantime, we also worked closely with overseas banks on the latest developments and changes in the financing market in order to secure loans at more reasonable interest rates.

Investment Properties and Hotels

For the year ended 31 December 2012, turnover of the Group from its investments in office premises and leasing of retail properties amounted to approximately RMB143.3 million (2011: approximately RMB138.6 million).

1) *Hotels*

   Sheraton Guangzhou Huadu Resort, our second hotel in Guangzhou officially commenced operation in 2011. Sheraton Guangzhou Huadu Resort, together with Four Points by Sheraton Guangzhou, Dongpu opened in 2009, featuring cozy and relaxing environments complemented by exquisite services and premium dining, have helped expanding customer base for the Group.

   Our W Hotel will officially commence operation in the first half of 2013. W Hotel is a brand name for modern, luxury, and fashion under Starwood Hotels & Resorts Worldwide, Inc., and the Group's W Hotel is the first W Hotel in the Mainland China.

2) *Investment properties completed and available for lease*

   IFP is one of our major investment properties with a prestigious location in the Pearl River New Town, the CBD of Guangzhou. IFP is very popular with high-end customers, such as large financial institutions and offices of diplomatic institutions, who are attracted by the convenient transportation, as well as its high-quality premise and excellent property management. As at 31 December 2012, the occupancy rate of IFP stood at above 98.3%. The tenants mainly included numerous domestic and foreign banks, Guangzhou offices of multinational corporations and diplomatic establishments.

BUSINESS OUTLOOK

The Group plans to launch a number of brand new projects in 2013. Meanwhile, the Group will continue to step up with the launch of new phases in existing projects. The Group will continue to improve its hotel management, upgrade services provided by its hotels and the management standards of its investment properties. By offering a broader range of products and dedicated services, the Group looks to enhance its integrated corporate strengths as it strives for sound and stable corporate development in earnest devotion.

As at 31 December 2012, the Group's major projects are located in Guangzhou, Suzhou, Chengdu, Beijing, Hainan, Shanghai and Tianjin.

Project	District	Type of property	GFA attributable to the Group's Interest ('000 sq.m.)	Interests attributable to the Group (%)
The Summit	Guangzhou	Residential/villas/serviced apartments/office/retail	2,376	100
L7	Guangzhou	Serviced apartments/retail	31	100
J2-2 Project	Guangzhou	Office/retail	72	50
The Riviera	Guangzhou	Serviced apartments/office/hotel/retail	133	33.3
Foshan Project	Guangzhou	Residential/retail/serviced apartments/office/hotel	560	20
Biological Island I	Guangzhou	Serviced apartments/retail	115	100
Biological Island II	Guangzhou	Serviced apartments/office/retail	84	100
Guangzhou Knowledge City	Guangzhou	Office/serviced apartments/retail/hotel	645	100
International Finance Place	Guangzhou	Office	61	100
Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	Hotel	35	100
Sheraton Guangzhou Huadu Resort	Guangzhou	Hotel	25	100
W Hotel/W serviced apartments	Guangzhou	Hotel/serviced apartments	80	100
The Sapphire	Suzhou	Residential/hotel/serviced apartments/retail	374	100
Suzhou Apex	Suzhou	Residential/hotel/retail/serviced apartments	258	90
Suzhou Emerald	Suzhou	Residential/retail	160	100
Suzhou Industrial Park	Suzhou	Serviced apartments/office/retail	37	51
Suzhou CRH New City	Suzhou	Office/retail	60	100
The Vision of the World	Chengdu	Residential/serviced apartments/retail	173	100
Chengdu Cosmos	Chengdu	Residential/hotel/serviced apartments/office/retail	644	100
Chengdu Sky Ville	Chengdu	Residential/office/serviced apartments/retail/hotel	450	50
Fragrant Seasons	Beijing	Residential/villas/serviced apartments/retail	265	100
Chong Wen Men Project	Beijing	Retail	16	100
Pearl Coast	Hainan	Residential/villas/hotel	284	100
Moon Bay Project	Hainan	Residential/retail/hotel	479	100
Pudong Project	Shanghai	Office/retail	78	100
The Core of Center	Shanghai	Residential/serviced apartments/retail/office	79	50
Shanghai Apex	Shanghai	Residential/serviced apartments/retail/hotel/office	111	100
Amazing Bay	Shanghai	Residential/office/retail/hotel/serviced apartments	135	50
Shanghai Sapphire	Shanghai	Serviced apartments/hotel/retail	158	100
Shanghai Emerald	Shanghai	Residential/retail	120	100
Shanghai Fengxian Nanqiao	Shanghai	Residential/serviced apartments/retail	236	100
Jinnan New Town	Tianjin	Residential/villas/office	728	25

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2012, the Group employed a total of approximately 3,800 employees. The total staff costs incurred was approximately RMB358.2 million during the financial year ended 31 December 2012. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

During the year ended 31 December 2012, total of 241,000 share options were cancelled and no share options were granted, exercised or lapsed as at the date of approval of this results announcement. Details of share option movement during the year ended 31 December 2012 will be stated in the coming annual report.

DIVIDEND

The Board of the Company has proposed the payment of a final dividend of RMB15 cents per ordinary share for the year ended 31 December 2012. The proposed final dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on or before 5 July 2013 to the shareholders whose names appear on the register of members of the Company on 18 June 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the 2012 AGM to be held on 7 June 2013, the Register of Members of the Company will be closed on Monday, 3 June 2013 to Friday, 7 June 2013, both days inclusive. In order to qualify for attending and voting at the 2012 AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 31 May 2013.

(b) For the purpose of determining shareholders who qualify for the final dividend, the Register of Members of the Company will be closed on Friday, 14 June 2013 to Tuesday, 18 June 2013, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 13 June 2013.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its code of conduct regarding directors' securities transactions. Specific enquiries have been made with all directors of the Company regarding any non-compliance with the Model Code and all directors of the Company confirmed that they have complied with the provisions of the Model Code during the financial year ended 31 December 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Group believes that sound and good corporate governance practices are not only key elements in enhancing investor confidence and the Company's accountability and transparency but also important to the Company's long-term success. The Group, therefore, strives to attain and maintain effective corporate governance practices and procedures. The Company has complied with the code provisions in the Code on Corporate Governance Practices (the "Code Provision") as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2012, save for the deviations which are explained below.

Code A.6.7

Mr. Dai Feng, an independent non-executive director was unable to attend the Company's annual general meeting which was held on 8 June 2012 ("2011 AGM") due to an engagement in the PRC.

Code E.1.2

Mr. Kong Jian Min, the chairman of the Board was unable to attend the 2011 AGM as he had an engagement that was important to the business of the Company.

Audit Committee

The audit committee was established with written terms of reference in accordance with the Code Provision as set out in Appendix 14 to the Listing Rules. The audit committee reports to the Board and is delegated by the Board to assess matters related to the financial statements and to perform the duties, including but not limited to, reviewing the Company's financial controls and internal control, financial and accounting policies and practices and the relationship with the external auditor.

The audit committee comprises four members who are independent non-executive directors of the Company, namely Mr. Tam Chun Fai (chairman), Mr. Lee Ka Sze Carmelo, Mr. Dai Feng and Mr. Li Bin Hai.

The audit committee has reviewed the consolidated financial statements of the Company for the year ended 31 December 2012.

Remuneration Committee

The remuneration committee was established with written terms of reference in accordance with the Code Provision as set out in Appendix 14 to the Listing Rules. The principal responsibilities of the remuneration committee include but not limited to formulate and make recommendations on remuneration policy and remuneration package of the directors and members of senior management to the Board. The remuneration committee comprises an executive director, namely Mr. Kong Jian Min, and three independent non-executive directors, namely Mr. Tam Chun Fai, Mr. Dai Feng (chairman) and Mr. Li Bin Hai.

Nomination Committee

The nomination committee was established on 11 June 2007. The nomination committee is responsible for, including but not limited to, reviewing the structure, size and composition of the Board and making recommendation to the Board on selection of candidates for directorships. The nomination committee comprises an executive director, namely Mr. Kong Jian Min (chairman), and three independent non-executive directors, namely Mr. Tam Chun Fai, Mr. Dai Feng and Mr. Li Bin Hai.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Board confirms that the Company has maintained a sufficient public float as required by the Listing Rules during the year under review.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

The results announcement of the Company for the year ended 31 December 2012 is published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at www.kwgproperty.com.

2012 AGM

The 2012 AGM of the Company will be held on Friday, 7 June 2013 and the notice of annual general meeting will be published and dispatched in the manner as required by the Listing Rules.

By Order of the Board
KWG Property Holding Limited
Kong Jian Min
Chairman

Hong Kong, 25 March 2013

As at the date of this announcement, the executive directors are Mr. Kong Jian Min (Chairman), Mr. Kong Jian Tao, Mr. Kong Jian Nan, Mr. Li Jian Ming, Mr. Tsui Kam Tim, Mr. He Wei Zhi and Mr. Yu Yao Sheng; and the independent non-executive directors are Mr. Lee Ka Sze, Carmelo, Mr. Dai Feng, Mr. Tam Chun Fai and Mr. Li Bin Hai.