建業地產股份有限公司 *

Central China Real Estate Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0832)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS

- Turnover for the year ended 31 December 2012 amounted to approximately RMB6,346 million, representing a decrease of approximately 4.4% compared with the year 2011.
- Gross profit margin for the year was 35.4%, as compared with 38.8% for the corresponding period in 2011.
- Profit attributable to equity shareholders of the Company for the year amounted to approximately RMB823 million, representing an increase of approximately 23.2% compared with the year 2011.
- Net profit margin for the year was 13.7%, as compared with 11.2% for the year 2011.
- Basic earnings per share for the year was RMB33.90 cents, an increase of approximately 13.9% compared with the year 2011.
- The Board recommends a final dividend of HK8.0 cents (equivalent to approximately RMB6.45 cents) per share.

* *For identification purposes only*

Chairman's Statement

Dear shareholders,

I am pleased to present to you on behalf of the board (the "Board") of directors (the "Directors" and each a "Director") of Central China Real Estate Limited (the "Company", "CCRE", "we", "us" or "our") the consolidated annual results (the "Annual Results") for the year ended 31 December 2012.

Henan sustained moderately fast economic growth in 2012, as the province implemented on all fronts the general strategy of revitalising Henan by building the central China economic zone and expediting the rise of central China. According to statistics, Henan's GDP for 2012 amounted to RMB2.98 trillion, representing a year-on-year growth of 10.1%, which was 2.3 percentage points higher than the average national level. In terms of the real estate sector, contrary to tier-one cities where property prices were volatile, Henan reported an average selling price for commodity housing of RMB3,831 per sq.m., representing a year-on-year growth of 9.4% which was slightly higher than the national average. Once again, the performance of Henan's property market has indicated that it comprises mainly end-users rather than speculative investors.

With the benefit of the accelerating new urbanisation process of Henan and the stable development of the real estate sector, the Company reported prominent year-on-year growth in its results for 2012. Contracted sales of the Company amounted to RMB10.35 billion, representing a year-on-year growth of 27.4%. With GFA sales exceeding 1.58 million sq.m., we ranked 31st in the "2012 Ranking of China Real Estate Enterprises by GFA Sales" and maintained a pole position in the Henan market. Meanwhile, the Company continued to gain grounds in integrated strengths, as reflected in its 31st ranking in the "Top 500 PRC Property Developers 2012" up from 33rd in 2011. We also topped the list of "Top 10 PRC Property Developers in Regional Operations" for the second year in a row, being the only central China-based property developer among the top 30.

In 2012, the Company continued to adhere to its longstanding corporate culture, which was represented in day-to-day operation by a strong focus on products and services.

On this basis, and under the guiding principles of serialisation, standardisation and industrialization, our Company will set up architecture and design firms and start to study the development of the 4th generation CCRE product series, in a bid to advance our research and development on urban complex buildings and green architecture, as we continued to commit vigorous efforts to the improvement of product quality and the fostering of new core competitiveness. At the same time, the Company has also made new progress in its diligent efforts to build a province-wide service regime, as its call centre has been renamed the service command centre, while the backing networks and business platforms of the Supreme Card (至尊卡) have successively developed long-term communication mechanisms for various business modules, in order to identify customised and stratified services and strengthen implementation standards. This will form a unique competitive advantage unlikely to be emulated by other property players in Henan in the next three to five years.

As the Company celebrates its 20th anniversary in 2012, a theme for celebration known as "CCRE: 20 Years in Business and Gratitude to Millions" (建業二十年感恩一億人) has been adopted. We have organised a series of public events, including a grand media reception, a performance known as "The Long March Suite" (長征組歌) in honour of our patrons, and a celebration gala known as "The Long March of the CCRE People" (建業人的長征). A book set entitled the "Story of CCRE" (《建業書袋》) has also been published and a documentary entitled "Foundations for City Building of CCRE" (《建城基業》) has been made to give an account of the Company's history and corporate philosophy, in an effort to enhance our brand influence and recognition in Henan and the rest of the nation.

The Company's reputation in the capital market has been further enhanced by the successful issue in 2012 of S$175 million senior notes due 2016, public subscription of RMB700 million through appropriate trust arrangements for a term of not more than 5 years and the further issue in January 2013 of USD200 million senior notes due 2020 at a coupon rate of 8.0% per annum. We acquired new land reserves with a total GFA of 4.19 million sq.m. during the year according to our schedules at relatively low prices with the backing of our access to both domestic and overseas capital markets and significant enhancements in business capabilities. It is worth noting that the Company has continued to gain pace in tapping county-level cities, achieving prominent results in the expansion of county-level markets such as Xuchang, Shangqiu, Jiaozuo, Pingdingshan, Zhumadian, Luohe, Xinxiang and Zhoukou to open up broad prospects for ongoing further development of the Henan market. At the same time, the orderly launching of the Company's diversified portfolio of commercial properties, hotel properties and community commercial properties in tandem with the advancement of its provincial and regional strategies have provided a firm foundation for sustainable growth in the Company's profit.

While seeking to assure growth, China's macro-economy is expected to have a stronger focus on sustainable development in 2013, while property prices should continue to stabilise under property market regulatory measures. We remain convinced that, in the context of China's rapid urbanisation, the real estate sector will continue to be supported by genuine demands that cannot be thwarted. We at CCRE formulated in as early as 1999 and started to implement in 2002 the provincial and regional enterprise strategy, which today has positioned us in perfect tandem with the nation's plan to develop the central China economic zone and new urbanisation in Henan. As a result, we are now enjoying the advantages of "preemptive planning" and "first-mover" when leveraging the major opportunity for development afforded by the "urbanisation dividend." As a company accustomed to long-term perspectives in the determination of development strategies, we will continue to measure our current development against the norm of sustainability and prepare for the future by conducting prudent and effective operations now. To fulfill our commitment to the market, we will actively promote an innovative management style, seek to attain efficiency through innovation and benefits through efficiency and endeavor to realise our annual business objectives.

APPRECIATION

I would like to take this opportunity to express sincere gratitude to our management team and staff for their diligent work and contributions. In this era of change, the trust and recognition of shareholders has provided us with the driving force to go forward. We will continue to maximise shareholders' value by acting as the facilitator of urbanisation and general social progress in central China, seeking to enhance our contributions to the healthy and sustainable development of China's real estate industry as we head into the third decade of the Company's operation.

Wu Po Sum
Chairman

25 March 2013

ANNUAL RESULTS

The Board announces the consolidated results (the "Annual Results") of the Group for the year ended 31 December 2012 with comparative figures for the preceding financial year, as follows:

Consolidated Income Statement

for the year ended 31 December 2012

(Expressed in Renminbi)

	Note	**2012** *RMB'000*	2011 *RMB'000*
Turnover	3	**6,345,527**	6,638,354
Cost of sales		**(4,099,713)**	(4,063,916)
Gross profit		**2,245,814**	2,574,438
Other revenue	4	**111,226**	71,419
Other net loss	4	**(4,787)**	(16,573)
Selling and marketing expenses		**(221,765)**	(162,385)
General and administrative expenses		**(398,014)**	(277,889)
Other operating income		**46,933**	13,338
		1,779,407	2,202,348
Share of losses of associates		**(1,758)**	(4,162)
Share of profits less losses of jointly controlled entities	9	**320,595**	(7,277)
Finance costs	5(a)	**(269,154)**	(375,059)
Profit before change in fair value of investment properties and income tax		**1,829,090**	1,815,850
Net increase in fair value of investment properties		**16,972**	1,900
Profit before taxation	5	**1,846,062**	1,817,750
Income tax	6	**(976,268)**	(1,074,820)
Profit for the year		**869,794**	742,930
Attributable to:			
Equity shareholders of the Company		**823,086**	667,995
Non-controlling interests		**46,708**	74,935
Profit for the year		**869,794**	742,930
Earnings per share	7		
— Basic (RMB cents)		**33.90**	29.77
— Diluted (RMB cents)		**30.71**	29.77

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2012

(Expressed in Renminbi)

	2012	2011
	RMB'000	*RMB'000*
Profit for the year	**869,794**	742,930
Other comprehensive income for the year (after tax and reclassification adjustments)		
Exchange differences on translation of financial statements of overseas subsidiaries	**12,587**	58,924
Revaluation gain on property, plant and equipment	**6,479**	–
Cash flow hedge:		
Effective portion of changes in fair value	**17,267**	–
Transfer from equity to profit or loss	**(47,696)**	–
Net movement in the hedging reserve during the year recognised in other comprehensive income	**(30,429)**	–
	(11,363)	58,924
Total comprehensive income for the year	**858,431**	801,854
Attributable to:		
Equity shareholders of the Company	**809,789**	726,229
Non-controlling interests	**48,642**	75,625
Total comprehensive income for the year	**858,431**	801,854

There is no tax effect relating to the above component of the other comprehensive income.

Consolidated Statement of Financial Position

at 31 December 2012

(Expressed in Renminbi)

	Note	2012 *RMB'000*	2011 *RMB'000*
Non-current assets			
Property, plant and equipment		**1,543,351**	945,421
Investment properties		**343,600**	278,800
Interests in associates		**47,917**	49,675
Interests in jointly controlled entities	9	**5,027,993**	3,102,995
Other financial assets		**91,800**	97,800
Deferred tax assets		**116,602**	111,570
		7,171,263	4,586,261
Current assets			
Trading securities		**95,498**	74,878
Properties for sale	10	**7,930,205**	8,624,403
Trade and other receivables	11	**503,375**	441,527
Deposits and prepayments	12	**3,608,423**	1,733,818
Prepaid tax		**117,442**	109,022
Restricted bank deposits		**972,283**	652,863
Cash and cash equivalents		**3,949,775**	3,255,528
		17,177,001	14,892,039
Current liabilities			
Bank loans	13	**675,000**	1,110,660
Other loans	14	**739,702**	1,245,470
Trade and other payables and accruals	15	**8,218,322**	5,078,595
Receipts in advance		**2,759,207**	3,098,425
Convertible bonds	16	**–**	549,665
Senior notes	17	**–**	1,849,885
Tax payable		**1,121,817**	828,655
		13,514,048	13,761,355
Net current assets		**3,662,953**	1,130,684
Total assets less current liabilities		**10,834,216**	5,716,945

Consolidated Statement of Financial Position *(Continued)*

at 31 December 2012

(Expressed in Renminbi)

	Note	**2012** *RMB'000*	2011 *RMB'000*
Non-current liabilities			
Bank loans	13	**921,500**	516,000
Other loans	14	**915,980**	107,700
Convertible bonds	16	**587,533**	–
Senior notes	17	**2,730,589**	–
Deferred tax liabilities		**55,404**	51,493
		5,211,006	675,193
NET ASSETS		**5,623,210**	5,041,752
CAPITAL AND RESERVES			
Share capital		**215,285**	215,185
Reserves		**4,954,376**	4,427,303
Total equity attributable to equity shareholders of the Company		**5,169,661**	4,642,488
Non-controlling interests		**453,549**	399,264
TOTAL EQUITY		**5,623,210**	5,041,752

Notes:

(Expressed in Renminbi)

1 GENERAL

Central China Real Estate Limited ("the Company") is a limited liability company incorporated in the Cayman Islands on 15 November 2007. Its principal place of business is at Room 7701B–7702A, 77th Floor, International Commence Centre, 1 Austin Road West, Kowloon, Hong Kong and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principle activity of the Company is investment holding and its subsidiaries are principally engaged in property development in Henan Province in the People's Republic of China ("the PRC").

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual 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. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules").

The accounting policies used in the preparation of the financial statements are consistent with those used in the 2011 annual financial statements except cash flow hedges, revenue recognition in related to hotel operations and government grants and changes in accounting policies set out below:

(b) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gains or losses on remeasurement of the derivative financial instrument to fair value are recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to profit or loss immediately.

(c) Revenue recognition

Hotel operations

Revenue arising from hotel operations is recognised on a basis that reflects the timing, nature and value when relevant services are provided.

Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Where grants that compensate the group for the cost of an asset the fair value is included in the statement of financial position under "Trade and other payables and accruals" and is released to profit or loss over the expected useful life of the relevant asset.

(d) Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the group and the company. Of these, the following developments are relevant to the Group's financial statements:

— Amendments to HKFRS 7, Financial instruments: Disclosures — Transfers of financial assets

— Amendments to HKAS 12, Income taxes — Deferred tax: Recovery of underlying assets

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKFRS 7, Financial instruments: Disclosures

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in a transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

Amendments to HKAS 12, Income taxes

Under HKAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset(s) in question. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40, *Investment property*, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The adoption of the amendments to HKAS 12 has no material impact on the financial statements as the amendments are consistent with policies already adopted by the Group.

3 TURNOVER

The principal activities of the Group are property development, property leasing, construction and hotel operations.

Turnover represents income from sales of properties, rental income, revenue from construction contracts and hotel operations. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2012	2011
	RMB'000	*RMB'000*
Income from sales of properties	**6,301,823**	6,607,504
Rental income	**24,063**	23,629
Revenue from construction contracts	**–**	7,221
Revenue from hotel operations	**19,641**	–
	6,345,527	6,638,354

The Group's customer base is diversified and none of the customers of the Group with whom transactions have exceeded 10% of the Group's revenue.

4 OTHER REVENUE AND OTHER NET LOSS

	2012	2011
	RMB'000	*RMB'000*
Other revenue		
Interest income	**108,315**	69,251
Dividend income from unlisted equity securities	**1,411**	2,078
Government grants	**1,500**	–
Others	**–**	90
	111,226	71,419
Other net loss		
Net gain on disposals of property, plant and equipment	**360**	3,091
Net loss on deemed disposal of subsidiaries *(note 9)*	**(33,666)**	–
Loss on acquisition of additional interests in jointly controlled entities	**(3,689)**	–
Net exchange gain	**13,041**	47,406
Net realised and unrealised gain/(loss) on trading securities	**21,463**	(67,070)
Others	**(2,296)**	–
	(4,787)	(16,573)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2012	2011
	RMB'000	*RMB'000*
(a) Finance costs		
Interest on bank loans	**101,119**	91,920
Interest on other loans	**150,359**	108,641
Interest on convertible bonds	**68,987**	53,617
Interest on senior notes	**320,871**	243,081
Other ancillary borrowing costs	**5,930**	5,691
	647,266	502,950
Less: Borrowing costs capitalised *	**(294,126)**	(207,137)
	353,140	295,813
Net change in fair value of derivatives embedded to convertible bonds	**(52,286)**	76,977
Net gain on modification of convertible bonds *(note 16)*	**(1,686)**	–
Net loss on partial redemption of convertible bonds *(note 16)*	**5,498**	–
Net change in fair value of derivatives embedded in senior notes	**(35,512)**	2,269
	269,154	375,059

* Borrowing costs have been capitalised at a rate of 5.86%–12.80% per annum (2011: 5.12%–14.00% per annum).

	2012	2011
(b) Staff costs		
Salaries, wages and other benefits	**215,673**	198,903
Including:		
— Retirement scheme contributions	**17,618**	12,063
— Equity settled share-based payment expenses	**4,821**	6,060

5 PROFIT BEFORE TAXATION (Continued)

	2012	2011
	RMB'000	*RMB'000*
(c) Other items		
Depreciation and amortisation	**37,263**	22,119
Auditors' remuneration	**4,288**	3,980
Cost of properties sold	**4,089,384**	4,055,662
Operating lease charges in respect of properties	**3,996**	3,992
Rentals receivable less direct outgoings of RMB2,658,000 (2011: RMB1,429,000)	**(21,405)**	(22,200)

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

	2012	2011
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**448,968**	555,975
PRC Land Appreciation Tax	**448,914**	579,176
Withholding tax	**79,507**	33,545
	977,389	1,168,696
Deferred tax		
Revaluation of properties	**3,911**	144
Land Appreciation Tax	**(5,032)**	(93,310)
Other temporary differences	**–**	(710)
	(1,121)	(93,876)
	976,268	1,074,820

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

Taxation in the consolidated income statement represents: (Continued)

(i) Pursuant to the rule and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

(ii) No Hong Kong Profits Tax has been provided for as the Group has no estimated assessable profits in Hong Kong.

(iii) ***PRC Corporate Income Tax ("CIT")***

The provision for CIT is based on the respective applicable rates on the estimated assessable profits of the PRC subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC.

PRC subsidiaries were charged at a rate of 25% (2011: 25%) on the estimated assessable profits for the year.

(iv) ***Land Appreciation Tax ("LAT")***

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items. Certain PRC subsidiaries were subject to LAT which is calculated based on 1.5% to 4.5% (2011: 1.5% to 4.5%) of their revenue in accordance with the authorised taxation method.

(v) ***Withholding tax***

Withholding taxes are levied on the Company's subsidiaries in Hong Kong ("Hong Kong subsidiaries") in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008 and interest on inter-company balance received by Hong Kong subsidiaries from PRC subsidiaries ranged from 5% to 12%.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB823,086,000 (2011: RMB667,995,000) and the weighted average number of 2,428,060,669 ordinary shares (2011: 2,243,855,342 ordinary shares) in issued during the year, calculated as follows:

	2012	2011
	'000	*'000*
Issued ordinary shares 1 January	**2,428,000**	2,000,000
Effect of exercised share options	**61**	–
Effect of right issue	**–**	243,855
Weighted average number of ordinary shares	**2,428,061**	2,243,855

7 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

For the year ended 31 December 2012, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholder of the Company of RMB823,447,000 and the weighted average number of ordinary shares of 2,681,133,680 shares, calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2012 ***RMB'000***
Profit attributable to equity shareholders	**823,086**
After tax effect of effective interest on the liability component of convertible bonds	**60,549**
After tax effect of gain recognised on derivatives embedded to convertible bonds	**(60,188)**
Profit attributable to equity shareholders (diluted)	**823,447**

(ii) Weighted average number of ordinary shares (diluted)

	2012 ***'000***
Weighted average number of ordinary shares at 31 December	**2,428,061**
Effect of conversion of convertible bonds	**253,073**
Weighted average number of ordinary shares at 31 December (diluted)	**2,681,134**

The Company's share options and warrants as at 31 December 2012 do not give rise to any dilution effect to the earnings per share.

The Company's share option, warrants and convertible bonds as at 31 December 2011 did not give rise to any dilution effect to the earnings per share.

Notes: *(Continued)*

(Expressed in Renminbi)

8 SEGMENT REPORTING

Services from which reportable segments derive their revenue

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on property development. Resources are allocated based on what is beneficial for the Group in enhancing its property development activities as a whole rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of HKFRS 8.

Turnover from major services

The Group's turnover from its major services is set out in note 3 to the financial statements.

Geographical information

No geographical information is shown as the turnover and profit from operations of the Group is substantially derived from activities in Henan province in the PRC.

9 INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2012	2011
	RMB'000	*RMB'000*
Share of net assets	**3,650,135**	2,171,116
Amounts due from jointly controlled entities	**1,377,858**	931,879
	5,027,993	3,102,995

Amounts due from jointly controlled entities, except for an amount of RMB651,839,000 (2011: RMB585,226,000) which is interest bearing at 7.56% per annum (2011: 6.67% per annum), are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered more than one year.

9 INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

During the year, the capital on the Bridge Trust-CCRE Group Real Estate Trust Investment Fund II ("Bridge-CCRE Trust II"), Bridge Trust-CCRE Group Real Estate Trust Investment Fund III ("Bridge-CCRE Trust III") and Bridge Trust-CCRE Group Real Estate Trust Investment Fund IV ("Bridge-CCRE Trust IV") invested in Henan Yuanda Real Estate Company Limited ("Henan Yuanda"), Puyang Central China City Development Company Limited (Puyang Central China") and Henan Coal Chemical Central China Real Estate Development Investment Company Limited ("CCRE Coal Chemical"), which were previously wholly owned subsidiaries of the Company. In addition, the Group disposed of its 49% equity interest in Henan Jianzheng Property Development Company Limited ("Henan Jianzheng") to Henan Shanglin Real Estate Company Limited ("Henan Shanglin", an independent third party), with a consideration of RMB10.1 million. After the investment by the Bridge-CCRE Trust II, III and IV and the disposal to Henan Shanglin, Henan Yuanda, Puyang Central China, CCRE Coal Chemical and Henan Jianzheng are regarded as jointly controlled entities as neither the Bridge-CCRE Trust II, III and IV and Henan Shanglin nor the Group has controlling power over the board of directors pursuant to the respective articles of association.

The deemed disposal of Henan Yuanda, Puyang Central China, CCRE Coal Chemical and Henan Jianzheng had the following effect on the Group's financial position.

	RMB'000
Interest in jointly controlled entities	1,108,489
Properties for sale	(2,013,007)
Trade and other receivables	(3,710)
Prepayments	(445,783)
Prepaid tax	(35,441)
Cash and cash equivalents	(421,349)
Other loan	1,160,000
Trade and other payables	(236,011)
Receipt in advance	853,146
Net loss on deemed disposal of subsidiaries *(note 4)*	33,666
Net cash outflow	(421,349)

9 INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Summary financial information on jointly controlled entities — Group's effective interest:

	2012	2011
	RMB'000	*RMB'000*
Non-current assets	**1,685,728**	1,219,936
Current assets	**6,799,197**	3,516,032
Current liabilities	**(2,933,303)**	(1,129,685)
Non-current liabilities	**(1,901,487)**	(1,435,167)
	3,650,135	2,171,116
Income	**1,648,950**	321,525
Expenses	**(1,328,355)**	(328,802)
Profit /(loss) for the year	**320,595**	(7,277)

10 PROPERTIES FOR SALE

	2012	2011
	RMB'000	*RMB'000*
Properties held for future development and under development for sale	**6,320,207**	7,294,284
Completed properties held for sale	**1,609,998**	1,330,119
	7,930,205	8,624,403

(a) The analysis of carrying value of leasehold land held for property development for sale is as follows:

	2012	2011
	RMB'000	*RMB'000*
In the PRC		
— long leases	**4,188,632**	4,168,361
— medium-term leases	**348,613**	654,724
	4,537,245	4,823,085

10 PROPERTIES FOR SALE (Continued)

(b) The amount of properties for sale expected to be recovered after more than one year is analysed as follows:

	2012	2011
	RMB'000	*RMB'000*
Properties held for future development and under development for sale	**3,134,756**	4,319,034

(c) Certain of the Group's properties for sale was pledged as securities for the Group's bank and other loans. Details are set out in notes 13 and 14 respectively.

(d) The Group temporarily leased out certain completed properties held for sale under operating leases. The lease runs for an initial period of twenty years. The lease does not include any contingent rental. The Group's total future minimum lease income under non-cancellable operating leases is receivable as follows:

	2012	2011
	RMB'000	*RMB'000*
Within 1 year	**11,077**	11,147
After 1 year to 5 years	**34,193**	36,836
After 5 years	**76,108**	84,551
	121,378	132,534

The directors confirm that the Group intends to sell the properties together with the respective leases.

11 TRADE AND OTHER RECEIVABLES

	2012 *RMB'000*	2011 *RMB'000*
Trade receivables *(note (a))*	**20,134**	16,961
Other receivables	**140,423**	173,456
Amounts due from related companies *(note (b))*	**223,053**	39,665
Loan to a related company *(note (c))*	**–**	100,000
Amounts due from non-controlling interests *(note (d))*	**33,301**	64,900
Loan to non-controlling interests *(note (e))*	**20,000**	29,999
Gross amount due from customers for contract work	**14,085**	12,951
Derivative financial instruments		
— held as cash flow hedging instrument	**17,267**	–
— other derivatives	**35,112**	3,595
	503,375	441,527

Notes:

(a) The ageing analysis of trade receivables, all of which are neither individually nor collectively considered to be impaired, is as follows:

	2012 *RMB'000*	2011 *RMB'000*
Current	**5,147**	268
less than 1 month overdue	**172**	166
1 to less than 3 months overdue	**130**	128
3 to less than 6 months overdue	**384**	128
6 months to less than 1 year overdue	**592**	2,562
More than 1 year overdue	**13,709**	13,709
	20,134	16,961

The Group has a defined credit policy. In respect of trade receivables of mortgage sales, no credit terms will be granted to the buyers. The Group normally arranges bank financing for buyers of properties up to 70% of the total purchase price of the property and provides guarantee to secure repayment obligations of such buyers. The Group's guarantee periods commence from the dates of grants of relevant mortgage loans and end upon completion of construction and the mortgage registration documents are delivered to the relevant banks after the issue of the building ownership certificate.

If there is default in payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. Under such circumstances, the Group is able to retain the customer's deposit, take over the ownerships of relevant properties and sell the properties to recover any amounts paid by the Group to the banks since the Group has not applied for individual building ownership certificates for these purchasers until full payment are received. Sales and marketing staff of the Group is delegated to determine credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts, if any.

Based on past experience, management believes that no impairment allowance is necessary in respect of the overdue balances and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances, except for the mortgage loans receivable as set out in note 20.

11 TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) The amounts due from related companies included an amount of RMB39,015,000 (2011: RMB39,015,000) in relation to sales of properties to a subsidiary of CapitaLand Limited, the ultimate holding company of a substantial shareholder of the Company in previous years. The amount is unsecured, interest-free and recoverable on demand.

The amount due from a related company of RMB101,384,000 (2011: RMBNil) represents the prepaid expected basic return to the trust manager of jointly controlled entities, Bridge Trust Company Limited, according to the cooperation agreements. The amount is unsecured, interest-free and has no fixed terms of repayment.

The amount due from a related company of RMB77,700,000 (2011: RMBNil) represents the management fee paid on behalf of the trust manager of jointly controlled entities, Bridge Trust Company Limited. The amount is unsecured, interest-free and has no fixed terms of repayment.

The remaining amounts due from related companies are unsecured, interest-free and have no fixed terms of repayment.

(c) At 31 December 2011, the loan to a related company was secured, interest bearing at 12.25% per annum and recovered during the year.

(d) The amounts due from non-controlling interests included an amount of RMB15,300,000 (2011: RMB15,300,000), which is secured, interest-free and recoverable within one year, the remaining amounts due from non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

(e) At 31 December 2012, the loan to non-controlling interests is unsecured, interest bearing at 13.5% per annum and recoverable on 15 May 2013. The last year balance was unsecured, interest bearing at 12% per annum and recovered during the year.

12 DEPOSITS AND PREPAYMENTS

At 31 December 2012, the balance included deposits and prepayments for leasehold land of RMB3,245,434,000 (2011: RMB1,416,449,000).

13 BANK LOANS

(a) At 31 December 2012, the bank loans were repayable as follows:

	2012 ***RMB'000***	2011 *RMB'000*
Within 1 year or on demand	**675,000**	1,110,660
After 1 year but within 2 years	**412,000**	376,000
After 2 years but within 5 years	**447,500**	140,000
After 5 years	**62,000**	–
	921,500	516,000
	1,596,500	1,626,660

13 BANK LOANS (Continued)

(b) At 31 December 2012, the bank loans were secured as follows:

	2012	2011
	RMB'000	*RMB'000*
Bank loans		
— secured	**1,501,500**	1,327,000
— unsecured	**95,000**	299,660
	1,596,500	1,626,660

At 31 December 2012, assets of the Group secured against bank loans are analysed as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Properties for sale	**2,458,824**	2,429,526
Restricted bank deposits	**106,951**	84,000
Property, plant and equipment	**683,743**	–
	3,249,518	2,513,526

(c) The effective interest rates of bank loans of the Group at 31 December 2012 were ranged from 2.65%–8.31% (2011: 2.60%–9.18%) per annum.

(d) Certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2012 and 2011, none of the covenants relating to drawn down facilities had been breached.

14 OTHER LOANS

(a) At 31 December 2012, other loans were repayable as follows:

	2012	2011
	RMB'000	*RMB'000*
Within 1 year	**739,702**	1,245,470
After 1 year but within 2 years	**868,980**	107,700
After 2 years but within 5 years	**47,000**	–
	915,980	107,700
	1,655,682	1,353,170

The other loans included:

(1) the loan from a jointly controlled entity, Bridge-CCRE Trust I, amounted to RMB80,000,000 (2011: RMB80,000,000), which is unsecured, interest bearing at 7.125% (2011: 7.125%) per annum and repayable within one year;

(2) the loan from a jointly controlled entity, Bridge-CCRE Trust II, amounted to RMB477,600,000 at 31 December 2011, which was unsecured, interest bearing at 7.875% per annum and fully repaid during the year;

(3) the loan from a jointly controlled entity of RMB526,942,000 (2011: RMBNil), which is unsecured, interest bearing at 12.8% per annum and repayable by 23 September 2014; and

(4) the loan from non-controlling interest of RMB39,740,000 (2011: RMBNil), which is unsecured, interest bearing at 12% per annum and has no fixed term of repayment.

14 OTHER LOANS (Continued)

(b) At 31 December 2012, the other loans were secured as follows:

	2012	2011
	RMB'000	*RMB'000*
Other loans		
— secured	**979,000**	624,570
— unsecured	**676,682**	728,600
	1,655,682	1,353,170

At 31 December 2012, assets of the Group secured against other loans are analysed as follows:

	2012	2011
	RMB'000	*RMB'000*
Properties for sales	**267,917**	394,622
Investment properties	**–**	106,200
Property, plant and equipment	**285,840**	–
	553,757	500,822

At 31 December 2011, a secured other loan with carrying amount of RMB25,000,000 were pledged by future lease income of certain properties held by the Group. The expected future lease income was RMB124,877,000. This other loan was fully repaid during the year.

(c) The effective interest rates of other loans of the Group at 31 December 2012 were ranged from 6.49%–14.95% (2011: 6.92%–14.00%) per annum.

15 TRADE AND OTHER PAYABLES AND ACCRUALS

	2012	2011
	RMB'000	*RMB'000*
Bills payable	**636,268**	394,423
Trade payables *(note (a))*	**2,575,938**	1,926,937
Other payables and accruals	**755,890**	846,129
Amounts due to jointly controlled entities *(note (b))*	**4,012,191**	1,587,617
Amounts due to related companies *(note (b))*	**–**	29
Amounts due to non-controlling interests *(note (b))*	**238,035**	190,501
Derivative financial instruments	**–**	132,959
	8,218,322	5,078,595

At 31 December 2012, included in trade and other payables and accruals are retention payable of RMB272,032,000 (2011: RMB236,959,000) which are expected to be settled more than one year.

Notes:

(a) An ageing analysis of trade payables are set out as follows:

	2012	2011
	RMB'000	*RMB'000*
Due within 1 month or on demand	**2,291,674**	1,689,978
Due after 1 year	**284,264**	236,959
	2,575,938	1,926,937

(b) The amounts due to jointly controlled entities, related companies and non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

16 CONVERTIBLE BONDS

On 31 August 2009, the Company issued unsecured convertible bonds with principal amount of HK$765,000,000 due 2014 and 76,097,561 warrants. The convertible bonds are interest-bearing at 4.9% per annum and payable semi-annually in arrears. The maturity date of the convertible bonds is 31 August 2014. The convertible bonds can be converted to shares of the Company at HK$3.1 per share, subject to anti-dilutive adjustment, from 28 February 2010 to 31 August 2014.

Detachable from the convertible bonds, each warrant may be exercised from the date of issue up to 31 August 2014 at the exercise price of HK$4.1 per share, subject to anti-dilutive adjustment.

16 CONVERTIBLE BONDS (Continued)

Both the conversion option of the convertible bonds and the warrants are classified as equity financial instruments in accordance with the Group's accounting policies.

In addition to the above, the Company may early redeem all the convertible bonds from 31 August 2012 to 31 August 2014 plus any accrued but unpaid interest thereon the redemption date, provided that the closing price of the shares of the Company for each of the thirty consecutive trading days, the last of which occurs within the five trading days prior to the date upon which the redemption notice is given by the Company, is at least 130% of the conversion price of HK$3.1 per share. If the Company early redeems the convertible bonds, a gross yield of 8% per annum on an annual compounding basis is to be guaranteed to the holders of the convertible bonds.

The holders of the convertible bonds can require the Company to early redeem all the convertible bonds at any time from 31 August 2012 to 31 August 2014 plus any accrued but unpaid interest thereon the redemption date. If the Company is required to early redeem the convertible bonds, a gross yield of 8% per annum on an annual compounding basis is to be guaranteed to the holders of the convertible bonds.

The redemption call and redemption put options are separately accounted for at fair value at the end of each reporting period as derivative financial instruments in accordance with the Group's accounting policies.

As a result of the rights issue of the Company on 28 June 2011, the conversion price of the convertible bonds and the exercise price of the warrants were adjusted to HK$2.984 and HK$3.947 respectively.

During the year, one of the holders exercised its redemption option to early redeem the convertible bonds with principal amount of HK$78,000,000, and surrendered its 7,758,967 warrants. The redemption price of HK$87,592,000 (equivalent to RMB70,411,000) was paid to this holder, and net loss on the redemption of RMB5,498,000 (note 5(a)) is recognised in the profit or loss. In addition, the terms of the convertible bonds have been modified as follows:

— remove the early redemption rights of the holders and Company;

— when the convertible bonds matured, a gross yield (8% per annum from date of issuance to 31 August 2012 and 10.5% per annum from 1 September 2012 to maturity date) on an annual compounding basis is to be guaranteed the holders; and

— adjustment on certain financial covenants.

As a result, net gain on the modification of convertible bonds of RMB1,686,000 (note 5(a)) was recognised in the profit or loss during the year. The liability component of convertible bonds, which is matured in 2014, has been classified as non-current liability in the financial statements at 31 December 2012. It was classified as current liability at 31 December 2011 as the holders of the convertible bonds can early redeem all the convertible bonds from 31 August 2012.

17 SENIOR NOTES

(a) On 20 October 2010, the Company issued secured senior notes with principal amount of US$300,000,000 due 2015 (“US$ Senior Notes”). US$ Senior Notes are interest-bearing at 12.25% per annum and payable semi-annually in arrears. The maturity date of US$ Senior Notes is 20 October 2015. On or after 20 October 2013, the Company may at its option redeem the senior notes, in whole or in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The Company had breached certain covenants (“Defaults”) under the indenture of US$ Senior Notes due 2015 (“Indenture”). The liability component of US$ Senior Notes of RMB1,849,885,000 has been re-classified as a current liability in the financial statements at 31 December 2011.

Pursuant to the announcement dated 7 March 2012, the Company intends to solicit consents (“Consents”) from the Holders to certain proposed amendments and waivers of the Defaults (together referred to as “the Proposals”). The consent solicitations have been circularised to each of the Holders on the same date. The principal purposes of the consent solicitation are to obtain validly delivered and not validly revoked Consents from Holders of not less than a majority in aggregate principal amount of the outstanding senior notes to the Proposals.

By 5:00 p.m., 16 March 2012 (New York City Time), the Company had obtained Consents from Holders of not less that a majority in aggregate principal amount of the outstanding US$ Senior Notes to the Proposals, and a fee of US$1.4 million was paid to Holders who delivered the Concents. Therefore the maturity date of US$ Senior Notes remains unchanged as if there would have been no Default, and the liability component of US$ Senior Notes has been classified as a non-current liability in the financial statements at 31 December 2012.

(b) On 11 April 2012, the Company issued another senior notes with principal amount of SGD175,000,000 due in 2016 (“SGD Senior Notes”). SGD Senior Notes are interest bearing at 10.75% per annum and payable semi-annually in arrears. The maturity date of SGD Senior Notes is 18 April 2016. At any time prior to 18 April 2016, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The Company entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of SGD Senior Notes by swapping the SGD Senior Notes principal of SGD 175 million into US$137 million. The aggregate national principal amounts of the foreign exchange rate swap contract is SGD 175,000,000 and the contract will mature on 18 April 2016. The foreign exchange rate swap contract is accounted for at fair value at the end of each reporting period as derivative financial instrument in accordance with the accounting policy set out in note 2(b).

18 DIVIDEND

Dividends payable to equity shareholders of the Company attributable to the year

	2012	2011
	RMB'000	*RMB'000*
Interim dividend declared and paid of HK$4.5 cents (equivalent to RMB3.69 cents) per ordinary share (2011: RMB Nil)	**89,705**	–
Final dividend proposed after the end of the reporting period of HK$8.0 cents (equivalent to RMB6.45 cents) per ordinary share (2011: HK$10.0 cents (equivalent to RMB8.25 cents) per ordinary share)	**156,970**	200,400
	246,675	200,400

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

19 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2012 not provided for in the financial statements are as follows:

	2012	2011
	RMB'000	*RMB'000*
Authorised but not contracted for	**16,155,114**	14,921,680
Contracted but not provided for	**2,993,503**	1,277,718
	19,148,617	16,199,398

Capital commitments mainly related to land and development costs for the Group's properties under development.

	2012	2011
	RMB'000	*RMB'000*
Properties under development undertaken by jointly controlled entities attributable to the Group		
— Authorised but not contracted for	**939,209**	916,866
— Contracted but not provided for	**344,308**	185,658
	1,283,517	1,102,524

19 COMMITMENTS (Continued)

(b) Commitments for operating leases

At 31 December 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2012	2011
	RMB'000	*RMB'000*
Within 1 year	**2,135**	4,008
After 1 year but within 5 years	**662**	2,831
	2,797	6,839

The Group is the lessee in respect of a number of properties under operating leases. The leases typically run for an initial period of two to five years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

20 CONTINGENT LIABILITIES

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's and jointly controlled entities' properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificate of the property purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the Group's and jointly controlled entities' properties at 31 December 2012 is as follows:

	2012	2011
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to buyers of:		
— the Group's properties	**5,369,372**	4,697,633
— the jointly controlled entities' properties (the Group's shared portion)	**724,371**	70,362
	6,093,743	4,767,995

The directors do not consider it probable that the Group will sustain a loss under these guarantees during the periods under guarantees as the Group and the jointly controlled entities have not applied for individual building ownership certificates for these buyers and can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group/jointly controlled entities to the banks. The Group and jointly controlled entities have not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors. The directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans generated by the Group and jointly controlled entities in the event the buyers default payments to the banks.

Management Discussion and Analysis

REVIEW OF OPERATIONS

(I) Market and Operations Review

1. The macro-economic environment

The PRC economy was generally stable in 2012, as the PRC government strengthened and improved its macro-economic control measures in a timely manner to address severe economic conditions at home and abroad, with an increased emphasis on the stabilisation of economic growth, China's GDP for 2012 amounted to RMB51.93 trillion, representing a year-on-year growth of 7.8%.

Henan sustained rapid growth in local imports and exports and foreign investments in recent years, as it welcomed industries relocating from overseas or other domestic regions and attracted numerous famous domestic or international enterprises to establish their presence in the province. For 2012, Henan recorded a GDP of RMB2.98 trillion, representing a year-on-year growth of 10.1%, which was 2.3 percentage points above the national growth rate.

2. The property market

Sentiments in the property market gradually improved during 2012 under the combined effect of support for reasonable demand for residential housing, improved credit environment and timely adjustment of operating strategies by property companies. The average selling price for commodity properties in the nationwide property market in 2012 was RMB5,791 per sq.m., representing a year-on-year growth of 8.1%.

In 2012, the average selling price for commodity properties in the Henan property market, the principal market for the Company's business development, was RMB3,831 per sq.m., representing a year-on-year growth of 9.4%, which was slightly higher than the nationwide average growth rate and which indicated once again that the Henan property market comprised mainly end-users rather than speculative investors.

(II) Project Development

During the reporting period, the Company continued to penetrate county markets in the region and vigorously identify potentials for new profit niche on the back of its precise analysis and judgment on the impact of PRC government policies, achieving new benchmarks in management and business capabilities. Meanwhile, a range of marketing activities launched in connection with the Company's 20th anniversary celebrations have contributed to the continued growth of its regional market shares and contract sales exceeding RMB10 billion, which have provided a solid foundation for the Company's growth in scale and ongoing improvement in profitability.

During the reporting period, the Company commenced projects with an aggregate GFA of 2,263,217 sq.m. and completed projects with an aggregate GFA of 1,695,970 sq.m. The Company completed sales/pre-sales of projects with an aggregate of 1,580,461 sq.m. for a total amount of RMB10.35 billion, representing an increase of 27.4% as compared to the same period last year.

(1) Development schedule

During the reporting period, the Company commenced construction of 24 projects/phases with newly commenced GFA of 2,263,217 sq.m.

Geographical breakdown of newly commenced projects for 2012

Location	**Newly commenced GFA** *(sq.m.)*
Zhengzhou	479,701
Other cities in Henan Province	1,783,516
Total	2,263,217

As at 31 December 2012, the Company had 36 projects/phases under development with total GFA of approximately 3,346,606 sq.m., including 5 projects/phases in Zhengzhou and 31 projects/phases in other cities of Henan.

Geographical breakdown of projects under development as at 31 December 2012

Location	**GFA under development** *(sq.m.)*
Zhengzhou	504,014
Other cities in Henan Province	2,842,592
Total	3,346,606

During the reporting period, the Company completed 20 projects/phases with total completed GFA of 1,695,970 sq.m. Out of the saleable area of 1,448,200 sq.m., 1,044,234 sq.m. have sold representing a sales ratio of 72.11%.

City	Development Project	Total GFA completed *(sq.m.)*	Saleable GFA *(sq.m.)*	Pre-sold/ sold GFA *(sq.m.)*
Zhengzhou	Central China U-Town Phase V (Second batch)	77,737	77,737	63,377
	Central China U-Town Phase VI	153,021	108,189	87,292
	Central China Code International Garden	11,499	11,499	6,606
	Central China Code Two City Phase I	90,458	83,881	60,952
Luoyang	Central China Golf Garden Phase III	155,982	155,982	125,612
	Central China Code One City Phase II (Second batch)	105,896	89,901	80,866
	Central China Huayang Square Phase V	276,117	197,917	148,732
Xinxiang	Central China Forest Peninsula (Golden Dragon) Phase I (Fourth batch)	50,278	50,070	28,448
Luohe	Central China Code One City Phase II	104,920	104,920	81,070
Jiyuan	Central China Code One City Phase II	77,041	77,041	33,675
	Central China Code One City Phase III	186,812	160,095	127,333
Jiaozuo	Central China Code One City Phase I	99,653	77,132	42,597
	Central China Forest Peninsula (Xiuwu) Phase I	25,140	25,140	10,158
Shangqiu	Central China U-Town Phase III	20,674	20,674	12,265
	Central China U-Town Phase IV	61,565	61,565	47,820
Nanyang	Central China Forest Peninsula Holiday Inn	51,200	–	–
Zhoukou	Central China Forest Peninsula Phase III (Multi-Storey)	23,765	22,955	22,797
Pingdingshan	Central China Forest Peninsula (Wugang) Phase I (Multi-Storey)	13,410	13,410	7,833
Kaifeng	Central China Forest Peninsula projects	92,019	92,019	41,329
	Central China Dongjing Menghua 3-4#	18,783	18,073	15,472
	Total	**1,695,970**	**1,448,200**	**1,044,234**

(2) ***Sales Schedule***

The aggregate GFA sold/pre-sold by the Group with signed contracts during the reporting period was 1,580,461 sq.m., with an aggregate amount of RMB10.35 billion received from sale/pre-sale with signed contracts, representing an increase of 27.4% when compared to last year.

Geographical breakdown of GFA sold/pre-sold as at 31 December 2012

Location	**Approximate saleable GFA sold** *(sq.m.)*	**Approximate total amount** *(RMB'000)*
Zhengzhou	290,927	3,759,728
Other cities in Henan Province	1,289,534	6,592,277
Total	1,580,461	10,352,005

(III) Land Reserves

In 2012, the Company acquired land reserves with a GFA of 4.19 million sq.m. through public auction. As at 31 December 2012, the Company had land reserves with a total GFA of 16.11 million sq.m., and obtained the state-owned land use right certificates in respect of sites with GFA of 11.55 million sq.m.

1. Public Land Auction

On 10 January 2012, Huaiyang Central China Real Estate Company Limited (淮陽縣建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located respectively at the west of Xihuang Road, the south of Wucai Road and the east of Xinmin Road in Huaiyang County in a listing for sale process held by Huaiyang County Land and Resources Bureau (淮陽縣國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB35.7 million and RMB60.3 million respectively. Land parcel No. 2011-019 has a site area of 33,196 sq.m. and a mandatory detailed planned plot ratio of 1.5–2.0 for residential land use and not more than 2.5 for commercial land use. Land parcel No. 2011-018 has a site area of 57,133 sq.m. and a mandatory detailed planned plot ratio of 1.5–2.0 for residential land use and not more than 3.0 for commercial land use.

On 20 January 2012, Tangyin Central China Real Estate Company Limited (湯陰縣建業城市建設有限公司), a 55%-owned subsidiary of the Company acquired the land use rights of two land parcels located respectively at Renhe Road and the southeast side of Zhonghua in Tangyin County in a listing for sale process held by Tangyin County Land and Resources Bureau (湯陰縣國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB78.5 million and RMB69.5 million respectively. Land parcel No. G-11-53 has a site area of 66,547 sq.m. and a mandatory detailed planned plot ratio of 2.0–3.0. Land parcel No. G-11-54 has a site area of 60,639 sq.m. and a mandatory detailed planned plot ratio of 2.0–3.0.

On 29 May 2012, Universal Food City Development (Henan) Co. Ltd. (河南建業環球美食城置業有限公司), a wholly-owned subsidiary of the Company, acquired the land use right of a land parcel located at the west of Xinyan Road and the north of Shengping Road in Zhongmou County in a listing for sale process held by Zhongmou County Land and Resources Bureau (中牟縣國土資源局) for transfer of state-owned land use right. The purchase price for the acquisition was RMB65.24 million. The land parcel has a site area of 63,957 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.0.

On 29 May 2012, Zhengzhou Yipin Tianxia Zhiye Company Limited (鄭州一品天下置業有限公司), a wholly-owned subsidiary of the Company, acquired the land use right of a land parcel located at the west of Xinyan Road and the north of Wangdong Road in Zhongmou County in a listing for sale process held by Zhongmou County Land and Resources Bureau (中牟縣國土資源局) for transfer of state-owned land use right. The purchase price for the acquisition was RMB88.82 million. The land parcel has a site area of 82,237 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.5.

On 6 June 2012, Puyang Central China City Construction Company Limited (濮陽建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use right of a land parcel located at the south of Zhongyuan Road and the west of Dongpu Road in Puyang City in a listing for sale process held by Puyang City Land and Resources Bureau (濮陽市國土資源局) for transfer of state-owned land use right. The purchase price for the acquisition was RMB191.4 million. The land parcel has a site area of 58,001 sq.m. and a mandatory detailed planned plot ratio of 2.5–3.0.

On 13 June 2012, Suiping Central China City Development Company Limited (遂平建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located respectively at the north of Hexing Road and the east of a former cement factory in Suiping County in a listing for sale process held by Suiping Properties Exchange Centre (遂平縣地產交易中心) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB40.25 million and RMB42.62 million respectively. Land parcel No. SP-2012-20A has a site area of 57,078 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.0. Land parcel No. SP-2012-20B has a site area of 60,442 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.0.

On 5 July 2012, Xuchang One City Development Company Limited (許昌一號城邦建設開發有限公司), a wholly-owned subsidiary of the Company, successfully bid for the land use right of a land parcel located at the west of Weiwen Road in Xuchang City in a listing for sale process held by Xuchang City Land and Resources Bureau (許昌市國土資源局) for transfer of state-owned land use right at a consideration of RMB172.71 million. The land parcel has a site area of 105,357 sq.m. (including 5,268 sq.m. designated for the construction of social security housing) and a mandatory detailed planned plot ratio of not more than 3.0.

On 16 July 2012, Central China Real Estate Nanyang Company Limited (建業住宅集團南陽置業有限公司), a 51%-owned subsidiary of the Company, acquired the land use rights of four land parcels located respectively at the west of Jiankang Road and the east of Xindong Road in Nanyang in a listing for sale process held by Nanyang City Land and Resources Bureau (南陽市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB67.46 million, RMB61.68 million, RMB92.64 million and RMB90.48 million, respectively. Land parcel No. G2012-01 has a site area of 19,385 sq.m. and a mandatory detailed planned plot ratio of not more than 3.3. G2012-02 has a site area of 17,722 sq.m. and a mandatory detailed planned plot ratio of not more than 3.3. G2012-03 has a site area of 26,621 sq.m. and a mandatory detailed planned plot ratio of not more than 3.3. G2012-04 has a site area of 26,001 sq.m. and a mandatory detailed planned plot ratio of not more than 3.3.

On 25 July 2012, Changyuan Central China City Development Company Limited (長垣建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of four land parcels located respectively at the south of Weiyi Road, east of Guihua Road and north of Weier Road in Changyuan County in a listing for sale process held by Changyuan County Land and Resources Bureau (長垣縣國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB65.26 million, RMB59.02 million, RMB52.91 million and RMB49.32 million, respectively. Land parcel No. G2012-27 has a site area of 32,225 sq.m. and a mandatory detailed planned plot ratio of 1.5–2.5. G2012-28 has a site area of 30,266 sq.m. and a mandatory detailed planned plot ratio of 1.5–2.5. G2012-29 has a site area of 30,675 sq.m. and a mandatory detailed planned plot ratio of 1.5–2.5. G2012-30 has a site area of 28,596 sq.m. and a mandatory detailed planned plot ratio of 1.5–2.5.

On 22 October 2012, Central China Real Estate Wugang Company Limited (舞鋼建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use right of a land parcel located at the west of Wenzhou North Road and north of Tieshan Avenue in Wugang in a listing for sale process held by Wugang City Land and Resources Bureau (舞鋼市國土資源局) for transfer of state-owned land use right. The purchase price for the acquisition was RMB81.47 million. The land parcel has a site area of 108,598 sq.m. and a mandatory detailed planned plot ratio of not more than 1.5.

On 1 November 2012, Xiuwu Central China Real Estate Company Limited (修武建業房地產開發有限公司), a wholly-owned subsidiary of the Company, acquired the land use right of a land parcel located at the east of Qinglong Avenue South Section in Xiuwu County in a listing for sale process held by Xiuwu County Land and Resources Bureau (修武縣國土資源局) for transfer of state-owned land use right. The purchase price for the acquisition was RMB41.95 million. The land parcel has a site area of 55,928 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.5.

On 23 November 2012, Baofeng Central China Taihe City Construction Company Limited (寶豐建業泰和城市建設有限公司), a 80%-owned subsidiary of the Company, acquired the land use right of a land parcel located at the south of Wenfeng Road Mid-section in Baofeng County in a listing for sale process held by Baofeng County Land and Resources Bureau (寶豐縣國土資源局) for transfer of state-owned land use right. The purchase price for the acquisition was RMB86.50 million. The land parcel has a site area of 85,189 sq.m. and a mandatory detailed planned plot ratio of 1.2–2.0.

On 23 November 2012, Yanling Central China Real Estate Company Limited (鄢陵建業易成旅游地產開發有限公司), a 60%-owned subsidiary of the Company, acquired the land use right of a land parcel located in the north section of Chenhuadian, 311 National Highway in Yanling County in a listing for sale process held by Yanling County Land and Resources Bureau (鄢陵縣國土資源局) for transfer of state-owned land use right. The purchase price for the acquisition was RMB170.40 million. The land parcel has a site area of 255,489 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.0 for residential land use and not more than 2.5 for commercial land use.

On 28 November 2012, Zhecheng Central China City Construction Company Limited (柘城建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of three land parcels located respectively at Xueyuan Road (South) and Huaihai Road (West) in Zhecheng County in a listing for sale process held by Zhecheng County Land and Resources Bureau (柘城縣國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB25.64 million, RMB37.81 million and RMB43.39 million, respectively. Land parcel No. ZG2012-118 has a site area of 41,223 sq.m. and a mandatory detailed planned plot ratio of not more than 1.8. ZG2012-119 has a site area of 63,023 sq.m. and a mandatory detailed planned plot ratio of not more than 1.8. ZG2012-121 has a site area of 45,103 sq.m. and a mandatory detailed planned plot ratio of not more than 3.0.

On 30 November 2012, Henan Central China Union Zhiye Company Limited (河南建業聯盟置業有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located respectively at the south of Danjiang Road and west of Jinping Road in Shangjie District in a listing for sale process held by Shangjie District Land and Resources Bureau (上街區國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB56.65 million and RMB69.88 million, respectively. Land parcel No. GPCR2012024 has a site area of 52,818 sq.m. and a mandatory detailed planned plot ratio of 1.0–1.3. GPCR2012025 has a site area of 65,154. sq.m. and a mandatory detailed planned plot ratio of 1.0–1.3.

On 30 November 2012, Linying Central China City Construction Company Limited (臨穎建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use right of a land parcel located at the south of Weier Road and west of Xincheng Road in Linying County in a listing for sale process held by Linying County Land and Resources Bureau (臨穎縣國土資源局) for transfer of state-owned land use right. The purchase price for the acquisition was RMB57.15 million. The land parcel has a site area of 49,805 sq.m. and a mandatory detailed planned plot ratio of 2.0–3.0.

On 21 December 2012, Henan Central China Union Zhiye Company Limited (河南建業聯盟置業有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of five land parcels located respectively at the north of Jinjiang Road and west of Jinping Road in Shangjie District of Zhengzhou in a listing for sale process held by Shangjie District Land and Resources Bureau (上街區國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB70.99 million, RMB46.10 million, RMB44.11 million, RMB48.25 million and RMB60.57 million, respectively. Land parcel No. GPCR2012035 has a site area of 66,191 sq.m. and a mandatory detailed planned plot ratio of 1.0–1.3. GPCR2012036 has a site area of 42,982 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.0. GPCR2012037 has a site area of 44,984 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.0. GPCR2012038 has a site area of 41,124 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.0. GPCR2012039 has a site area of 56,468 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.0.

On 24 December 2012, Henan Central China Union Zhiye Company Limited (河南建業聯盟置業有限公司), a wholly-owned subsidiary of the Company, acquired the land use right of a land parcel located at the west of Huaiyang Road and north of Jinjiang Road in Shangjie District of Zhengzhou in a listing for sale process held by Shangjie District Land and Resources Bureau (上街區國土資源局) for transfer of state-owned land use right. The purchase price for the acquisition was RMB66.70 million. The land parcel has a site area of 62,187 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.0.

(IV) Product Research and Development

The Company's product strategy is to "introduce new products to traditional markets and traditional products to new markets". In traditional markets, we enhance the market competitiveness of our products through ongoing innovation and provision of innovative and quality services. In new markets, we achieve speedy turnover and efficiency in development by fast replication of existing products through product serialisation and standardisation. During 2012, we focused our efforts mainly on the construction of serialised and standardised units with green architectural features, as well as the application work in connection with fully-furbished houses.

1. Architectural design

As the Company's provincial and regional development further unfolds, the complexity and diversity of its development projects are becoming more evident. Currently, the Company has completed improvements to the architectural designs of four product series, namely "Forest Peninsula," "U-Town," "Code One City" and "Sweet-Scented Osmanthus Garden." Meanwhile, we continue to drive the application of environment-friendly, energy-saving technologies in CCRE's green architectural products and introduce environmental protection technologies such as duplex landscaping, reclaimed water and biochemical treatment of refuse, etc, as well as standards for fully furbished units, so as to upgrade product quality at the root of the issue. Moreover, to cater to requirements arising in the drive of our provincial and regional strategy, steady progress has also been made in research endeavours in connection with resource integration and product design for multi-purpose developments and property projects with retirement homes.

The Company will implement the standards for fully-furbished units in respect of all residential projects in Zhengzhou in 2014 to encourage end-users to reduce wasteful consumption of building materials.

2. Serialisation

With the further progress of the Company's efforts in product serialization, the CCRE product lines have been substantially enriched and refined, with improvements in various segments of the design process and further reductions in the lead-time for design and construction, underlining prominent success of the strategy of serialisation.

With the design of Zhengzhou Tianzhu Project (鄭州天築項目) in 2012, the research, development and design of the fourth-generation CCRE product series has begun.

3. Standardisation

In 2012, we completed specialised, standardised designs for show flat zones, individual unit layouts, main gates and full furbishing work, etc and revised our standardization documents for centralized procurement. The further improvement in product standardisation has offered all-rounded technical support for the implementation of large-scale strategic sourcing of accessory and component products.

4. ***Application of green construction***

As a forerunner in Henan's property sector, the Group has endeavoured to incorporate environmental protection elements to all segments in property development in rigorous compliance with environment-friendly principles and its green development philosophy. In 2012, "Puyang Code One City" became the first of our development projects to have obtained the "Green Architecture Mark" awarded by the Ministry of Construction, while the Zhengzhou Tianzhu Project (鄭州天築項目) was also in the process of green architectural design.

(V) Customer Service and Customer Relationship

In 2012, the Company conducted comprehensive upgrades in respect of product quality, service quality, process control and resource integration in the two fundamental aspects of product and service in fulfillment of the strategic objective of building a mega service regime, with further clarifications of its strategic objective for the building of the service regime. We have also enhanced the monitoring and appraisal of various tasks through the 9617777 service hotline, in a bid to drive sound customers' relations through overall upgrades of fundamental services.

In terms of product quality, the Company facilitated the overall upgrade of product quality and service standards by responding to customers' feedback on defects in products and services. Customised products fulfilling the needs of clients and the market were being built and in-depth services favoured, or even relied upon, by property owners were being developed. Actions taken to minimise flaws and deficiencies have provided a significant driving force to the improvement of our corporate core competitiveness.

In terms of service quality, the CCRE Group Manual for Customers' Services, a standardisation document based on research on customers' feelings towards our residential products and services, has been compiled in line with the Company's commitment to the delivery of 5-star services to provide property owners with information on services available from the Company in connection with sales, delivery, property maintenance and additional services, with the aim of fulfilling customers' requirements in all aspects.

In terms of process control, the Company has formulated and implemented service upgrade plans for areas of customers' concern such as design, sales, engineering work and properties, all of which have been aimed at achieving customer satisfaction. In a 2012 customer satisfaction poll conducted by a third-party research institute, CCRE Group's score in overall customer satisfaction rose by 6 percentage points as compared to 2011.

In terms of resource integration, the Company acquired additional high-end customer resources through multiple channels while continuing to improve its existing customer resources. Meanwhile, we leveraged our enormous data base to conduct research on customer resources and strengthen the research and application of customer group classification, such as the in-depth analysis of target customer groups in county-level cities to identify any characteristics in customers' demands.

In addition, the Company has also maintained close monitoring over the servicing aspect of various segments and processes through the 9617777 service hotline, extending the scope of such service to cover areas of internal resources such as CCRE education, football, hotel, Supreme Card (至尊卡), business and properties, as well as social resources, in a move to strengthen its management functions and nourish a stronger sense of the privileged and exclusive status as owners of our property with a genuine experience in seamless services.

BUSINESS OUTLOOK

(I) Market outlook

1. The macro-economic environment

While major economies have adopted measures to stimulate economic growth, uncertainties continued to prevail in the world economy. Recently, the PRC government has stated its intention to strengthen and improve its macro-economic control and adjustment by enlarging domestic demand and increasing public investments in infrastructure. As such, the Company expects China to sustain stable economic growth in 2013.

The ongoing progress of the central China economic zone is expected to further enhance Henan's regional economic competitiveness and capacity to accommodate industrial activities. The Company expects moderately fast development in Henan's economy in 2013.

2. The property market

The PRC government has stated its intention to enhance property market regulatory measures in order to consolidate the positive effects of earlier actions. In view of the performance of the market since the launch of the latest regulatory measures, property market regulation in 2013 will mainly be concerned with the execution of promulgated policies. The Company expects the national property market to be generally stable in 2013.

Driven by the "national policy" of the development of a central China economic zone and the "provincial planning" for novel urbanisation in Henan, the progress of Henan's urbanisation is expected to be further accelerated, which augurs well for the property market's positive development in the long term. The Company expects the property market of Henan to remain stable in 2013.

(II) Business planning

In 2013, the Company will continue to work diligently to improve its capabilities in product research and analysis and its service standards, upgrade product quality on all fronts, improve mechanisms for incentives, checks and balances, strengthen personnel training and step up with the building of a three-tier market structure, with a view to forming a business portfolio well-balanced between risks and benefits to ensure ongoing, stable business development.

(1) In 2013, the Group expects to commence construction of a total of 33 projects or phases, with a GFA of 3,344,611 sq.m.

Geographical breakdown of commencement of construction in 2013

Location	**Total GFA** *(sq.m.)*	**Percentage** *(%)*
Zhengzhou	842,960	25%
Other cities in Henan Province	2,501,651	75%
Total	**3,344,611**	**100%**

(2) ***Completion plan***

The Group expects to complete 29 projects (phases) with a GFA of 2,361,525 sq.m. in 2013.

Expected completion of construction in 2013

City	**Project**	**Expected Total GFA** *(sq.m.)*
Zhengzhou	Shangjie Jianye Forest Peninsula Phase III	49,335
	Central China Code Two City	159,721
	Central China Five Building	161,248
	Central China Jianye Le Meridien	65,436
Luoyang	Central China Huayang Square Phase V	28,093
	Central China Huayang Square Phase VI	180,510
	Jianye Triumph Plaza	202,450
Kaifeng	Central China Dongjing Menghua	90,000
Pingdingshan	Jianye Sweet-Scented Osmanthus Garden Phase II (Batch I)	75,112
Anyang	Central China Forest Peninsula (Tangyin) Phase I	87,237
Hebi	Central China Forest Peninsula Phase III	30,511
Xinxiang	Central China Code One City Phase I	186,789
	Central China U-Town Phase I	86,884
	Central China Forest Peninsula (Changyuan) Phase I	33,293
Jiaozuo	Central China Forest Peninsula Phase IV	25,165
	Central China Xiuwu Forest Peninsula Phase I	41,173
Puyang	Jianye City Phase VI	88,600
	Central China Code One City Phase I	43,504
Xuchang	Central China Forest Peninsula Phase II	97,204
Luohe	Central China Code One City Phase III	105,490
	Central China Four Points	40,441
Sanmenxia	Central China Code One City Phase I	91,213
Shangqiu	Central China U-Town Phase V	40,721
Zhoukou	Central China Forest Peninsula Phase III	67,775
	Central China Huaiyang Sweet-Scented Osmanthus Garden Phase I	47,827
Nanyang	Central China Forest Peninsula Phase II	95,818
Zhumadian	Jianye Eighteen Cities Phase I	38,606
	Central China Forest Peninsula (Suiping) Phase I	45,009
Xinyang	Central China South Lake No. 1	56,360
	Total	**2,361,525**

FINANCIAL REVIEW

Turnover: Our turnover decreased by 4.4% to approximately RMB6,346 million in 2012 from approximately RMB6,638 million in 2011, primarily due to a decrease in average selling price from approximately RMB6,323 per sq.m. in 2011 to approximately RMB5,667 per sq.m. in 2012. The decrease in average selling price was primarily the result of the change of the product mix.

- **Income from sales of properties**: Turnover from property sales decreased by 4.6% to approximately RMB6,302 million in 2012 from approximately RMB6,608 million in 2011 due to the decrease in average selling price as discussed above.

- **Rental Income**: Turnover from property leasing remained at approximately RMB24 million in 2012.

- **Revenue from construction contracts**: Turnover from construction contracts was nil in 2012 as the project was completed at the end of 2011.

- **Revenue from hotel operation:** Turnover from hotel operation of approximately RMB20 million.

Cost of sales: Our cost of sales increased by 0.9% to RMB4,100 million in 2012 from approximately RMB4,064 million in 2011. The slight increase in cost of sales is in line with the 6.8% increase in area sold from 1,060,982 sq.m. in 2011 to 1,133,485 sq.m. in 2012.

Gross profit: As a result of the aforesaid changes in turnover and cost of sales, our gross profit decreased by 12.8% to approximately RMB2,246 million in 2012 from approximately RMB2,574 million in 2011, while our gross profit margin decreased from 38.8% in 2011 to 35.4% in 2012.

Other revenue: Our other revenue increased by 55.7% to approximately RMB111 million in 2012 from approximately RMB71 million in 2011. This was primarily due to an increase in interest income from advances to our jointly controlled entities, related parties and third parties and increase in average bank balance.

Other net loss: Our other net loss was approximately RMB5 million in 2012 compared to other net loss of approximately RMB17 million in 2011. This net loss in 2012 was primarily due to the unrealised gain of RMB21 million incurred by trading securities as compared to a loss of RMB83 million in 2011, partially offset by the loss of deemed disposal of subsidiaries of RMB34 million.

Selling and marketing expenses: Our selling and marketing expenses increased by 36.5% to approximately RMB222 million in 2012 from approximately RMB162 million in 2011. This increase was primarily due to increased advertising and promotional expenses associated with our expanding business operations, hotel operation, and the increased salaries, other benefits and commissions paid to our sales and marketing staff.

General and administrative expenses: Our general and administrative expenses increased by 43.2% to approximately RMB398 million in 2012 from approximately RMB278 million in 2011. This increase was primarily due to an increase in salaries and other benefits paid to our administrative staff as well as depreciation of our fixed assets due to commencement of hotel operation. During 2012, the Group incurred an expense in connection with the consent solicitation in relation to the 300,000,000 senior notes due 2015 conducted by the Company.

Other operating income: Other operating income amounted to approximately RMB47 million in 2012 compared to other operating income of approximately RMB13 million in 2011. We derived other operating income in 2012 primarily as a result of the consulting fee we charged our jointly controlled entities for managing their property projects, partially offset by the trust management fee paid to Bridge Trust Co., Ltd. as trustee in relation to the trusts it established. The increase in consultancy fee is because of the increase of the area constructed by jointly controlled entities, as compared with 2011.

Share of losses of associates: Our share of losses of associates decreased by 57.8% to approximately RMB2 million in 2012 from approximately RMB4 million in 2011. Our share of losses of associates primarily represented our share of loss for operating expenses incurred by St. Andrews Golf club (Zhengzhou) Company Limited, one of our associates. The decrease in loss is mainly due to the improved performance of the golf club.

Share of profits less losses of jointly controlled entities: Our share of profits less losses of jointly controlled entities was gain of approximately RMB321 million in 2012 as compared to losses of approximately RMB7 million in 2011, primarily due to the recognition of revenue of jointly controlled entity (U-Town 6). The revenue of the Group's jointly controlled entities amounted to approximately RMB2,575 million, representing sales of 209,721 sq.m. during 2012, in which a revenue of RMB1,649 million, representing sales of 123,801 sq.m., was attributable to the Group.

Finance costs: Our finance costs decreased by 28.2% to approximately RMB269 million in 2012 from approximately RMB375 million in 2011. This decrease was primarily due to fair value gains on the financial derivative embedded in the convertible bonds and the US$300,000,000 senior notes due 2015.

Net increase in fair value of investment properties: We recorded an increase of approximately RMB17 million in fair value of our investment properties in 2012, as compared to an increase of approximately RMB2 million in 2011.

Income tax: Income tax comprises corporate income tax, land appreciation tax ("LAT") and withholding tax payable on dividend declared by PRC enterprises to non-PRC resident enterprises. Our income tax decreased by 9.2% from RMB1,075 million in 2011 to RMB976 million in 2012. The decrease in income tax over this period was primarily due to decrease in gross profit margin.

Profit for the year: As a result of the foregoing, our profit for the year increased by 17.1% to approximately RMB870 million in 2012 as compared to approximately RMB743 million in 2011.

Financial resources and utilisation: As at 31 December 2012, the Group's cash and cash equivalents amounted to approximately RMB3,950 million (31 December 2011: approximately RMB3,256 million). During the year, the Group distributed a final dividend of RMB199 million to the shareholders of the Company in relation to profit attributable to the year ended 31 December 2011 and an interim dividend of approximately RMB90 million in relation to profit attributable to the six months ended 30 June 2012.

Structure of borrowings and deposits

We continue to adopt a prudent financial policy and centralise our funding and financial management. Therefore, we are able to continue to maintain a high cash-on-hand ratio and a reasonable level of gearing. During the year, we successfully issued SGD175,000,000 senior notes at a coupon rate of 10.75% due 2016. As at 31 December 2012, the Group's repayment schedule was as follows:

repayment schedule	**2012** ***RMB'000***	2011 *RMB'000*
Bank loans		
Within one year	**675,000**	1,110,660
More than one year, but not exceeding two years	**412,000**	376,000
More than two years, but not exceeding five years	**447,500**	140,000
Exceeding five years	**62,000**	–
	1,596,500	1,626,660
Other loans		
Within one year	**739,702**	1,245,470
More than one year, but not exceeding two years	**868,980**	107,700
More than two years, but not exceeding five years	**47,000**	–
	1,655,682	1,353,170
Convertible bonds		
Within one year	**–**	549,665
More than one year, but not exceeding two years	**587,533**	–
	587,533	549,665
Senior notes		
Within one year or on demand	**–**	1,849,885
More than two years, but not exceeding five years	**2,730,589**	–
	2,730,589	1,849,885
Total borrowings	**6,570,304**	5,379,380
Deduct:		
Cash and cash equivalents	**(3,949,775)**	(3,255,528)
Restricted bank deposits secured against bank loans	**(106,951)**	(84,000)
Net borrowings	**2,513,578**	2,039,852
Total equity	**5,623,210**	5,041,752
Net gearing ratio (%)	**44.7%**	40.5%

Pledge of assets: As at 31 December 2012, we had pledged completed properties, properties under development, properties for future development and bank deposits with an aggregate carrying amount of approximately RMB3,803 million (2011: approximately RMB3,014 million) to secure general bank credit facilities and other loans granted to us.

Financial guarantees: As at 31 December 2012, we provided guarantees of approximately RMB6,094 million (2011: approximately RMB4,768 million) to banks in favor of customers in respect of the mortgage loans provided by the banks to these customers for the purchase of the developed properties of our Group as well as those of our jointly controlled entities.

Capital commitment: As at 31 December 2012, we had contractual commitments undertaken by subsidiaries and jointly controlled entities attributable to our Group, the performance of which was underway or ready, in respect of property development amounting to approximately RMB3,338 million (2011: approximately RMB1,463 million), and we had authorised, but not yet contracted for, a further approximately RMB17,094 million (2011: approximately RMB15,839 million) in expenditure in respect of property development.

Foreign exchange risk: Our businesses are principally conducted in RMB. The majority of our assets are denominated in RMB. As at 31 December 2012, our major non-RMB assets and liabilities are (i) bank deposits and borrowings and convertible Bonds denominated in Hong Kong Dollar ("H.K. dollar" or "HK$") and (ii) the senior notes denominated in United States Dollar ("U.S. dollar" or "US$") and Singapore Dollar ("S$" or "SGD"). We are subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB currencies. The majority of the our foreign currency transactions and balances are denominated in H.K. dollar, U.S. dollar and SGD. Our foreign currency hedging policy is stated in note 2 to the financial statements.

Interest rate risks: The interest rates for a portion of our loans were floating. Upward fluctuation in interest rates will increase the interest cost of new and existing loans. We currently do not use derivative instruments to hedge its interest rate risks.

Human resources and remuneration policy: As at 31 December 2012, we had 1,489 employees (31 December 2011: 1,487 employees). Staff remuneration is determined on the basis of individual performance, experience and prevailing industry practices. We review our remuneration policy and arrangements on a regular basis and staff may be rewarded with bonuses and cash payments depending on individual performance appraisals. Our policies for insurance and provident fund are in compliance with national and local laws and regulations on labour affairs and social welfare. At the date of this announcement, there was no significant labor dispute which had or might have an adverse impact on our business operation.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On 22 January 2013, the Company together with certain of its subsidiaries entered into a purchase agreement with Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc., Morgan Stanley & Co. International plc and UBS AG, Hong Kong Branch in connection with the Company's issue of US$200,000,000 8.00% senior notes due 2020. The proceeds from issue of the US$200,000,000 senior notes due 2020 will be used to repay the Group's existing indebtedness and for general corporate purposes. For further details relating to the issue of the US$200,000,000 senior notes due 2020, please refer to the announcements of the Company dated 21 and 22 January 2013.

SENIOR NOTES

In March 2012, the Company completed the consent solicitation (the "Consent Solicitation") and obtained consents from holders holding approximately 94.22% of the aggregate principal amount of its US$300,000,000 12.25% senior notes due 2015 to certain amendments to, and certain waivers of past defaults under the indenture constituting the US$300,000,000 senior notes due 2015. For details of the Consent Solicitation and results thereof, please refer to the announcements of the Company dated 7 and 20 March 2012.

On 12 April 2012, the Company together with certain of its subsidiaries entered into a purchase agreement with Morgan Stanley & Co. International plc, Deutsche Bank AG, Singapore Branch and Oversea-Chinese Banking Corporation Limited in connection with the Company's issue of SGD175,000,000 on 10.75% senior notes due 2016. The proceeds from issue of the 2012 SGD175,000,000 senior notes due 2016 will be used to repay existing indebtedness and for general corporate purposes. For further details relating to the issue of the SGD175,000,000 senior notes due 2016, please refer to the announcements of the Company dated 10 and 12 April 2012.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend for 2012 at HK8.0 cents (equivalent to approximately RMB6.45 cents) (2011: HK10.0 cents) to the shareholders whose names appear on the register of members on Thursday, 30 May 2013. Subject to the shareholders' approval of the proposed final dividend at the annual general meeting to be held on Friday, 24 May 2013 (the "2013 AGM"), the dividend cum-date and ex-date will be Tuesday, 28 May 2013 and Wednesday, 29 May 2013 respectively, and the final dividend will be paid to the shareholders on or about Thursday, 6 June 2013. The proposed final dividend has not been reflected in the financial statements as at 31 December 2012.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2013 AGM, the register of members of the Company will be closed from Wednesday, 22 May 2013 to Friday, 24 May 2013 (both days inclusive), during which period no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Room 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 21 May 2013, for registration.

For the purposes of determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Thursday, 30 May 2013, during that day no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Room 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 29 May 2013, for registration.

CORPORATE GOVERNANCE

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance and is committed to continuously improve its corporate governance and disclosure practices.

On 1 April 2012, various amendments of the former Code on Corporate Governance Practices (Appendix 14 to the Listing Rules) became effective and the former code was renamed as the Corporate Governance Code.

For the year ended 31 December 2012, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the new Corporate Governance Code (applicable to financial reports covering a period commencing on 1 April 2012) and the former Code on Corporate Governance Practices, with the exception of Code Provisions A.4.1 and A.6.7 as addressed below.

1. Code Provision A.4.1 — This Code Provision stipulates that all non-executive Directors should be appointed for a specific term, subject to re-election

   Mr. Hu Yongmin ("Mr. Hu"), a non-executive Director, was not appointed for a specific term. Mr. Hu was nominated by an investor who subscribed for convertible bonds and warrants issued by the Company on 31 August 2009 to the Board and was appointed as a non-executive Director on 3 September 2009. No service contract was entered into between Mr. Hu and the Company and he did not and will not receive any remuneration as a non-executive Director from the Company. The said investor will continue to have the right to nominate a person to be appointed as a non-executive Director as long as it has an interest in 5% or more of the shares of the Company.

   Save for Mr. Hu, all other non-executive Directors and independent non-executive Directors were appointed for a specific term. Since all Directors (including Mr. Hu) are subject to re-election by shareholders of the Company at annual general meetings and at least once every three years on a rotation basis in accordance with the articles of association of the Company, the Company considers that there are sufficient measures to ensure the corporate governance of the Company complies with the same level to that required under the Corporate Governance Code.

2. Code Provision A.6.7 — This Code Provision stipulates that independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

   All Directors have given the Board and the committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation.

   Mr. Lim Ming Yan, Mr. Leow Juan Thong Jason, Mr. Hu Yongmin and Ms. Wallis Wu, all being non-executive Directors, and Mr. Wang Shi, being an independent non-executive Director, were unable to attend the annual general meeting of the Company held on 24 May 2012 as they were out of town for other businesses.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company's securities. The Company made specific enquires with each Director and each of them confirmed that he or she had complied with the Model Code for the year ended 31 December 2012.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The audit committee of the Company reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2012.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This Annual Results announcement is published on the HKExnews website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.centralchina.com. The Company's annual report for the year ended 31 December 2012 will be published on both websites and will be despatched to the shareholders of the Company in due course.

By Order of the Board
Central China Real Estate Limited
Wu Po Sum
Chairman

Hong Kong, 25 March 2013

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK$ is based on the exchange rate of RMB1.00 = HK$1.24. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK$ has been or could have been or may be converted at such or another rate or at all.

As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum and Ms. Yan Yingchun are executive Directors, Mr. Lim Ming Yan (alternate director: Mr. Lucas Ignatius Loh Jen Yuh), Mr. Leow Juan Thong Jason, Mr. Hu Yongmin and Ms. Wallis Wu (alias Li Hua) are non-executive Directors, Mr. Cheung Shek Lun, Mr. Wang Shi and Mr. Xin Luo Lin are independent non-executive Directors.