Longfor Properties Co. Ltd.
龍 湖 地 產 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 960

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2011

FINANCIAL HIGHLIGHTS

Turnover increased by 59.6% to RMB24.09 billion as compared with last year. Profit attributable to shareholders was RMB6.33 billon, representing an increase of 53.2% over last year, the net profit margin was 26.3%. Core profit attributable to shareholders increased by 74.9% to RMB4.5 billion, after deducting revaluation gain on investment properties. The core net profit margin increased to 18.7%.

Contract sales amounted to RMB38.27 billion, representing an increase of 14.9% as compared with last year.

Cash in hand amounted to RMB14.53 billion and the net debt to equity ratio was 43.0%.

Fully diluted earning per share were RMB1.22, representing an increase of 52.5% over last year. The Board recommends a final dividend of RMB0.175 per share.

ANNUAL RESULTS

The Board of Directors (the "Board") of Longfor Properties Co., Ltd. (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended December 31, 2011 with comparative figures for the preceding financial year, are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

	NOTES	**2011** *RMB'000*	**2010** *RMB'000*
Revenue	2	24,092,893	15,093,122
Cost of sales		(14,324,313)	(9,995,934)
Gross profit		9,768,580	5,097,188
Other income	3	168,934	91,531
Other gains	4	106,653	34,652
Fair value gain upon transfer to investment properties		916,115	777,023
Change in fair value of investment properties		1,714,447	1,713,090
Selling and marketing expenses		(642,736)	(327,880)
Administrative expenses		(709,148)	(433,488)
Finance costs	5	(202,141)	(66,677)
Share of results of jointly controlled entities		323,526	183,035
Profit before taxation		11,444,230	7,068,474
Income tax expense	6	(4,523,942)	(2,051,101)
Profit and total comprehensive income for the year	7	6,920,288	5,017,373
Profit attributable to:			
Owners of the Company		6,327,560	4,130,155
Non-controlling interests		592,728	887,218
		6,920,288	5,017,373
Earnings per share, in RMB			
Basic	9	1.23	0.80
Diluted	9	1.22	0.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2011

	NOTES	**2011** *RMB'000*	**2010** *RMB'000*
NON-CURRENT ASSETS			
Investment properties		13,198,200	8,041,000
Property, plant and equipment		175,083	171,741
Prepaid lease payments		6,721,986	7,882,002
Interests in associates		1	1
Interests in jointly controlled entities		1,873,215	2,464,099
Available-for-sale investments		8,600	8,600
Deposits paid for acquisition of land use rights		5,837,699	4,274,216
Deferred taxation assets		669,202	436,035
		28,483,986	23,277,694
CURRENT ASSETS			
Inventories		594,065	415,939
Properties under development for sales		46,197,041	31,590,625
Properties held for sales		3,019,488	3,004,066
Accounts and other receivables, deposits and prepayments	10	3,344,296	2,516,293
Amounts due from jointly controlled entities		13,084	7,362
Taxation recoverable		1,081,031	539,034
Pledged bank deposits		406,125	499,419
Bank balances and cash		14,120,925	9,863,132
		68,776,055	48,435,870
CURRENT LIABILITIES			
Accounts payable, deposits received and accrued charges	11	41,410,676	31,474,867
Amounts due to jointly controlled entities		803,170	1,319,490
Taxation payable		4,788,074	2,635,182
Bank and other borrowings - due within one year		3,580,372	2,859,870
		50,582,292	38,289,409
NET CURRENT ASSETS		18,193,763	10,146,461
TOTAL ASSETS LESS CURRENT LIABILITIES		46,677,749	33,424,155

	2011	2010
	RMB'000	*RMB'000*
CAPITAL AND RESERVES		
Share capital	453,415	453,410
Reserves	21,487,126	15,526,846
Equity attributable to owners of the Company	21,940,541	15,980,256
Non-controlling interests	2,154,129	1,385,564
TOTAL EQUITY	24,094,670	17,365,820
NON-CURRENT LIABILITIES		
Bank and other borrowings - due after one year	15,645,880	14,464,489
Senior notes	4,740,473	—
Deferred taxation liabilities	2,196,726	1,593,846
	22,583,079	16,058,335
	46,677,749	33,424,155

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

1. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In the current year, the Group has applied the following new and revised IFRSs issued by the International Accounting Standards Board ("IASB").

Amendments to IFRSs	Improvements to IFRSs issued in 2010
IAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to IAS 32	Classification of Rights Issues
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 7	Disclosures - Transfers of Financial Assets[1]
	Disclosures - Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to IAS 12	Deferred Tax - Recovery of Underlying Assets[4]
IAS 19 (as revised in 2011)	Employee Benefits[2]
IAS 27 (as revised in 2011)	Separate Financial Statements[2]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[6]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after July 1, 2011
[2] Effective for annual periods beginning on or after January 1, 2013
[3] Effective for annual periods beginning on or after January 1, 2015
[4] Effective for annual periods beginning on or after January 1, 2012
[5] Effective for annual periods beginning on or after July 1, 2012
[6] Effective for annual periods beginning on or after January 1, 2014

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that the adoption of IFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. The directors of the Company are in the process of ascertaining the financial impact.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC 12 *Consolidation - Special Purpose Entities.* IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013. The directors of the Company are in the process of ascertaining the financial impact on application of these five standards.

Amendments to IAS 12 Deferred Tax - Recovery of Underlying Assets

The amendments to IAS 12 provide an exception to the general principles in IAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to IAS 12 are effective for annual periods beginning on or after January 1, 2012. The directors of the Company anticipate that the application of the amendments to IAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale.

The directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the consolidated financial statements.

2. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e., the board of directors of the Company) in order to allocate resources to the segment and to assess its performance.

The Group is organised into business units based on their types of activities, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as three main operations:

- Property development: this segment develops and sells office premises, commercial and residential properties. All the Group's activities in this regard are carried out in the People's Republic of China ("PRC").

- Property investment: this segment leases investment properties, which are developed by the Group to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is comprised of mainly properties retail and are all located entirely in the PRC.

- Property management and related services: this segment mainly represented the income generated from property management. Currently the Group's activities in this regard are carried out in PRC.

Information regarding the Group's operating segments is set out below.

	Year ended December 31, 2011			
	Property development	**Property investment**	**Property management and related services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	23,376,012	402,167	314,714	24,092,893
Inter-segment revenue	—	—	57,020	57,020
Segment revenue	23,376,012	402,167	371,734	24,149,913
Segment profit (Adjusted Earnings)	8,736,177	309,601	80,066	9,125,844
Segment assets	52,787,549	5,597,628	17,524	58,402,701
Segment liabilities	38,141,552	89,621	5,432	38,236,605

	Year ended December 31, 2010			
	Property development	**Property investment**	**Property management and related services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	14,596,701	287,281	209,140	15,093,122
Inter-segment revenue	—	—	36,678	36,678
Segment revenue	14,596,701	287,281	245,818	15,129,800
Segment profit (Adjusted Earnings)	4,498,483	220,346	50,479	4,769,308
Segment assets	37,276,772	3,073,494	12,212	40,362,478
Segment liabilities	28,826,325	23,534	66,030	28,915,889

Other segment information

	Property development	**Property investment**	**Property management and related services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment assets:				
2011				
Additions to non-current assets *(Note)*	26,479	1,667,442	2,922	1,696,843
2010				
Additions to non-current assets *(Note)*	7,149	477,064	1,301	485,514

Note: Amounts comprise additions to investment properties and property, plant and equipment.

(a) **Reconciliations of segment revenues, profit or loss, assets and liabilities**

	2011	2010
	RMB'000	*RMB'000*
Revenue		
Segment revenue	24,149,913	15,129,800
Elimination of inter-segment revenue	(57,020)	(36,678)
Consolidated revenue	24,092,893	15,093,122
Profit		
Segment profit	9,125,844	4,769,308
Other income	168,934	91,531
Other gains	106,653	34,652
Fair value gain upon transfer to investment properties	916,115	777,023
Change in fair value of investment properties	1,714,447	1,713,090
Finance costs	(202,141)	(66,677)
Share of results of jointly controlled entities	323,526	183,035
Depreciation	(26,924)	(24,019)
Unallocated expenses	(682,224)	(409,469)
Consolidated profit before taxation	11,444,230	7,068,474
Assets		
Segment assets	58,402,701	40,362,478
Cumulative change in fair value of investment properties	7,622,087	4,991,525
Prepaid lease payments	6,721,986	7,882,002
Interests in associates	1	1
Interests in jointly controlled entities	1,873,215	2,464,099
Available-for-sales investments	8,600	8,600
Deposit paid for acquisition of land use rights	5,837,699	4,274,216
Deferred taxation assets	669,202	436,035
Taxation recoverable	1,081,031	539,034
Unallocated head office and other assets	15,043,519	10,755,574
Consolidated total assets	97,260,041	71,713,564
Liabilities		
Segment liabilities	38,236,605	28,915,889
Taxation payable	4,788,074	2,635,182
Deferred taxation liabilities	2,196,726	1,593,846
Bank and other borrowings	19,226,252	17,324,359
Senior notes	4,740,473	—
Unallocated head office and other liabilities	3,977,241	3,878,468
Consolidated total liabilities	73,165,371	54,347,744

(b) **Revenue from major product and services**

The following is an analysis of the Group's revenue from its properties sold, property invested and services provided:

	Year ended	
	31.12.2011	**31.12.2010**
	RMB'000	*RMB'000*
Sales of properties	23,376,012	14,596,701
Leasing of properties	402,167	287,281
Provision of property management services	314,714	209,140
	24,092,893	15,093,122

(c) **Geographic information**

The following table sets out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold, properties are invested and services are provided. Information about its non-current assets is analysed by geographical location of assets.

	Revenues from external customers		Non-current assets	
	2011	**2010**	**2011**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chongqing	4,951,492	4,807,460	12,406,683	9,947,384
Chengdu	3,926,284	4,187,174	3,077,689	1,324,331
Beijing	10,827,469	4,835,818	7,723,633	5,687,083
Other cities in the PRC	4,387,648	1,262,670	4,598,179	5,874,261
	24,092,893	15,093,122	27,806,184	22,833,059

Note: Non-current assets excluded financial instruments and deferred taxation assets.

No revenue from transaction with single external customer is amounted to 10% or more of the Group's revenue.

3. OTHER INCOME

	2011	2010
	RMB'000	*RMB'000*
Interest income	140,590	60,078
Consultancy fee income *(Note)*	1,585	15,330
Dividend income from unlisted available-for-sale investments	1,028	1,120
Government subsidies	658	8,611
Promotion and advertising income	19,677	1,445
Sundry income	5,396	4,947
Total	168,934	91,531

Note: It represents the design, decoration and consulting services related to real estate development provided by the Group to independent third parties in the PRC.

4. OTHER GAINS

	2011	2010
	RMB'000	*RMB'000*
Gain on disposal of property, plant and equipment	3	434
Net exchange gain *(Note)*	106,650	34,218
	106,653	34,652

Note: It represents exchange difference arising from bank borrowings and senior notes, original currencies of which are Hong Kong Dollar and United States Dollar respectively.

5. FINANCE COSTS

	2011	2010
	RMB'000	*RMB'000*
Interest on bank and other borrowings		
Wholly repayable within five years	(1,190,505)	(753,617)
Not wholly repayable within five years	(7,808)	(105,583)
Interest expense on senior notes	(342,973)	—
Less: Amount capitalised to properties under development	1,339,145	792,523
	(202,141)	(66,677)

6. INCOME TAX EXPENSE

	2011 *RMB'000*	2010 *RMB'000*
Current tax		
PRC Enterprise Income Tax ("EIT")	(2,066,945)	(1,088,527)
PRC Land Appreciation Tax ("LAT")	(2,087,284)	(999,591)
	(4,154,229)	(2,088,118)
Overprovision in prior year:		
EIT	—	263,408
LAT	—	60,315
	—	323,723
Deferred taxation		
Current year	(369,713)	(447,242)
Overprovision in prior year	—	160,536
	(369,713)	(286,706)
	(4,523,942)	(2,051,101)

7. PROFIT FOR THE YEAR

	2011 *RMB'000*	2010 *RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	3,300	3,000
Cost of property inventories included in cost of sales	13,952,604	9,739,314
Depreciation of property, plant and equipment	26,924	24,019
Gain on disposal of property, plant and equipment	(3)	(434)
Minimum lease payment of operating lease rentals	16,029	9,674
Staff costs		
Directors' emoluments (including equity-settled share-based payments)	98,030	62,994
Other staff costs		
Staff costs excluding retirement benefit costs	689,899	461,038
Retirement benefit contributions	71,535	42,420
Equity-settled share-based payments	118,050	61,151
Total staff costs	977,514	627,603
Less: Amount capitalised to properties under development	(362,856)	(240,815)
	614,658	386,788
Minimum lease income from investment properties	308,828	219,710
Contingent rental income	93,339	67,571
Less: direct expenses that generated rental income	(80,040)	(61,281)
	322,127	226,000
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	227,594	98,528

8. DIVIDEND

	2011 *RMB'000*	2010 *RMB'000*
Dividend recognised as distribution during the year:		
Final dividend paid in respect of 2010 of RMB0.1 (2010: in respect of 2009 of RMB0.063) per share	515,505	324,450

A final dividend of RMB902,133,750, representing RMB0.175 per share, in respect of the year ended December 31, 2011 (2010: final dividend of RMB515,505,000, representing RMB0.1 per share, in respect of the year ended December 31, 2010) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2011 *RMB'000*	2010 *RMB'000*
Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	6,327,560	4,130,155

	2011 *'000*	2010 *'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	5,155,049	5,152,671
Effect of dilutive potential ordinary shares in respect of - share options	22,693	21,667
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	5,177,742	5,174,338

For the year ended December 31, 2011, the share options granted on January 17, 2011 and September 28, 2011 under the Post-IPO share option scheme adopted on December 23, 2009 are not included in the calculation of diluted earnings per share as the adjusted exercise price was greater than the average market price of the Company's shares during the outstanding period in 2011.

For the year ended December 31, 2010, the share options granted in 2009 under the Post-IPO share option scheme adopted on December 23, 2009 are not included in the calculation of diluted earnings per share as the adjusted exercise price was greater than the average market price of the Company's share during the outstanding period in 2010.

10. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables are mainly arisen from sales of properties and properties investment. Considerations in respect of sales of properties are paid by purchasers in accordance with the terms of the related sales and purchase agreements. For properties investment, rental income are paid by tenants within two months in accordance with the terms in the tenant agreement.

	2011	**2010**
	RMB'000	*RMB'000*
Trade receivables	128,367	343,397
Other receivables, net of allowance for doubtful debts *(Note)*	923,169	543,690
Advances to suppliers	308,859	191,188
Prepaid tax	1,965,625	1,429,263
Prepayments and utilities deposits	18,276	8,755
	3,344,296	2,516,293

Note: Included in other receivables are rental deposits, receivable of refund of the deposit for land auction and deposits for construction work.

The following is an aged analysis of trade receivables at the end of the reporting period based on invoice date:

	2011	**2010**
	RMB'000	*RMB'000*
Within 60 days	65,269	337,531
61 - 180 days	11,681	5,866
181 - 365 days	51,417	—
	128,367	343,397

At December 31, 2011, 50% (2010: 98%) of the trade receivables are neither past due nor impaired and with satisfactory credit quality.

Included in the Group's accounts receivable balance are trade receivables with a carrying amount of approximately RMB64,643,000 (2010: RMB5,866,000) at December 31, 2011 which are past due at the end of the reporting period for which the Group has not provided for impairment as the Group has retained the legal titles of the properties sold to these customers and the estimated fair value of the relevant properties is expected to be higher than the outstanding receivable amount.

Ageing of trade receivables which are past due but not impaired:

	2011	**2010**
	RMB'000	*RMB'000*
Within 60 days	1,545	5,866
61-180 days	11,681	—
181-365 days	51,417	—
Total	64,643	5,866

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Before accepting any customers, the Group uses an internal credit assessment system to assess the potential customers' credit quality and considers adequate allowance has been made at the end of the reporting period. Balances which are neither past due nor impaired are all with good credit quality.

Other receivables include mainly temporary payments and miscellaneous projects related deposits paid which are refundable upon maturity, of which, approximately RMB12,000,000 (2010: RMB12,000,000) was impaired as at December 31, 2011 because the counterparties are in severe financial difficulties and the Group does not hold any collateral over these balances. The remaining balance was not yet due for repayment.

Movements in the allowance for doubtful debts on other receivables:

	2011	**2010**
	RMB'000	*RMB'000*
Balance at the beginning of the year	12,000	39,566
Amounts written off as uncollectible during the year	—	(27,566)
Balance at the end of the year	12,000	12,000

11. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2011	**2010**
	RMB'000	*RMB'000*
Trade payables and accrued expenditure on construction	3,665,035	2,618,597
Bills payable	1,852	5,306
Deposits received and receipt in advance from property sales	34,569,718	26,291,986
Other payables and accrued charges *(Note)*	3,174,071	2,558,978
	41,410,676	31,474,867

Note: Other payables and accrued charges comprise mainly deed tax received and payable to the government on behalf of customers, accrued salaries and accrued staff welfare.

Trade payables and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is an aged analysis of trade payables and accrued expenditure on construction and bills payable at the end of the reporting period:

	2011	**2010**
	RMB'000	*RMB'000*
Within 60 days	2,520,267	2,174,354
61 - 180 days	734,431	223,733
181 - 365 days	178,561	131,905
1 - 2 years	214,283	68,066
2 - 3 years	7,449	15,868
Over 3 years	11,896	9,977
	3,666,887	2,623,903

Chairman's Statement

I am pleased to present to the shareholders the business review and outlook of Longfor Properties Co. Ltd. (the "Company"), together with its subsidiaries (the "Group") for the year ended December 31 2011.

Results

In 2011, the profit attributable to shareholders amounted to RMB6.33 billion, representing an increase of 53.2% as compared to the RMB4.13 billion of last year. The fully diluted earnings per share was RMB1.22, representing an increase of 52.5% as compared to the fully diluted earnings per share of RMB0.80 last year.

Review of 2011

In 2011, the real estate market of the PRC remained volatile and weak, shrouded by external events like the Eurozone crisis, while the industry austere measures and inflation controls domestically led to pressure on capital, cost and sales. Coping with the operational challenges, maintaining sustainability and growth and balancing profitability and liquidity became the major tasks for all industry players. We are pleased that by adhering to the strategies of active marketing, prudent investment and strict cash management promulgated at the beginning of the year and leveraging on our prestigious brand value and product quality, the Group maintained a satisfactory level of cash flow and profits under such unfavourable market. The net gearing ratio of the Group as at the end of the year decreased over the last year, while the net profit margin of the Group reached its historical peak.

In 2011, the Group recorded contract sales of RMB38.27 billion, representing a historical high. Among the 11 cities in which we had project launches, we were ranked top 10 developer in 8 of them, demonstrating the strong execution capabilities across different regions. We were ranked number 1 in Chongqing by flat sales for the eighth consecutive year and captured a market share of approximately 10%. In Chengdu and Beijing, we remained a top 3 flat seller. In Wuxi and Changzhou,we continued to be ranked as a top 10 player. The new project in a new city in Yantai realized a contracted sales of RMB3 billion and we were ranked number 1 in flat sales in our debut. In Xian, we ranked top 5 for the first time after the restructuring of management team. In Hangzhou, being one of the cities most affected by the austerity policies, we also broke into top 10 for the first time. In addition, according to an independent third party survey, the customer loyalty level of the Group increased 4 percentage points from the same period last year to 76%. Our brand recognition from customers has continued to strengthen despite challenging market conditions.

Amid the tight credit environment, the Group adopted various measures to maintain a sound financial position with a reasonable level of leverage. The Group placed a high priority on the cash collection of sales proceeds and the collection rate was over 90% for the year. Domestically, as a core customer of various major banks of the PRC, the Group was able to secure sufficient credit facilities. In the overseas market, the Group was the best rated private-owned real estate enterprises with the ratings of BB+ by S&P and Ba2 by Moody's. In April, the Group successfully issued 5-year bonds of amounting to USD750 million. The average maturity of the Group's debts increased to 4.0 years from 3.4 years in the last year, and the average cost of borrowing was 6.4%, which was lower than the benchmark rate of PBOC. As at December 31, 2011, the Group's cash in hand increased to RMB14.5 billion from RMB12.6 billion in half year, while the net gearing ratio further decreased to 43.02% from 56.56% in half year, which provided significant support for the Group to overcome external challenges and capitalize on opportunities for further development.

Furthermore, the Group's rental income from investment properties continued to grow in a fast pace. The rental income reached RMB402 million, representing an increase of 40.0% as compared with last year. The anchor store in Chongqing West Paradise Walk, which underwent renovation, drove the rental income increased by 65.9%. Gross rental income margin was maintained at a high level of 80.1%. During the year, two shopping malls, namely, Beijing Starry Street and Chongqing Chunsen Starry Street were completed and commenced operations. To date, the Group's investment property portfolio amounted to GFA of 438,979 square meters.

With its steady business growth, the Group also attached a high priority to the institutionalization and continuous development of senior management team. In the first half of the year, the Group appointed four additional executive directors and one independent non-executive director. Mr. Shao Mingxiao was duly appointed as the CEO of the Group in August. Madam. Wu Yajun relinquished her CEO role of the Group and focused on her duties as the Chairman of the Board. Moreover, we granted nearly 200 million share options in two batches to our directors, senior management and employees to motivate them and further align their interest of the shareholders. The Board believes that our professional management team characterized by strong entrepreneurial spirit and institutionalized management structure will promote the long term development and continuous improvement of the Group.

The Group has taken an active role in charitable activities. In the beginning of the year, the Group donated RMB5 million for the renovation of dilapidated apartments for the handicapped in Chongqing. The charity activity of "Longfor's New Year Gifts for Families" held by the Group has become a recognized charity brand. The property management team of the Company also established a "Longfor Volunteer Team" which was the pioneer of the local welfare activities.

Outlook for 2012

Despite the market volatility, we believe that demand for high quality properties with well recognized brand will remain strong, driven by urbanization, sustainable economic growth and upgrading needs. While the real estate market will continue to face many challenges in 2012, the build out of the social housing program and the normalization of demand brought on by the Home Purchase Restrictions will lead to a healthier development path for the industry over the long term. Our dedication to high quality product and sound management practice will enable the company to build its market dominance and continue its growth.

We expect the administrative policies in the housing sector to remain in place for the foreseeable future. The group will proactively adjust the pace of its developments, especially the build out of the investment property portfolio, and at the same time seek to broaden the product offering in response to changing demands in different markets. The Group will also strengthen asset turnover and cash flow management.

As for land reserves, the Group will selectively acquire quality sites as and when investment opportunities arise. The Group will focus on projects characterized by low cost, quick turnaround and improving prospect. The Group will leverage opportunities arising from a changing industry landscape to further expand and diversify its market and business coverage, and to enhance the Company's ability to respond to different market conditions in different regions.

Market fluctuation provides a stern test for the organization and its people. In the coming year, the Company will be dedicated to further improve internal management standards and talent development. The Group will launch its second round of IT platform integration in 2012. With the integration of products, costs and strategies on the new platform, operating effectiveness and efficiency of the Group will be further improved. The Group will put more efforts in the development of talents, corporate culture and leadership. It will continue to promote the Recruitment Plan targeting fresh university graduates as well as the Recruitment Plan 2.0 targeting the public to recruit more new talents for the solid development of the Group in the future.

Longfor Properties Co. Ltd.
Wu Yajun
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

In 2011, the Group's contract sales recorded a growth of 14.9% as compared to 2010, reaching a total contract sales of RMB38.27 billion. The Group recognized revenue was RMB24.09 billion, representing an increase of 59.6% over last year. Excluding minority interest and revaluation gain, the core profit attributable to shareholders was RMB4.5 billion, representing an increase of 74.9% over last year. Core net profit margin attributable to shareholders rose from 17.1% to 18.7% over last year.

Property Development

In 2011, revenue from property development of the Group was RMB23.38 billion, representing an increase of 60.1% over last year. The Group delivered 1,934,154 square meters of property in GFA terms, of which 255,994 square meters was contributed from jointly controlled entities. With the delivery of high margin projects such as Beijing Summer Palace Splendor, gross profit margin of overall property development business rose from 33.3% in 2010 to 40.3% in 2011. Recognized average selling price was RMB13,930 per square meters or RMB11,781 per square meters after excluding the Beijing Summer Palace Splendor project in 2011.

Table 1: Breakdown of property development revenue by projects in 2011
** After deducting sales tax*

	City	Revenue (January to December)		Total GFA	
		2011	**2010**	**2011**	**2010**
		RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Beijing Tangning One	Beijing	5,683,712		195,089	
Beijing Summer Palace Spelendor	Beijing	4,414,414	1,077,389	68,594	19,791
Shanghai Sunshine City	Shanghai	1,918,888	1,249,760	112,419	53,711
Chengdu North Paradise Walk	Chengdu	1,656,169		186,405	
Wuxi Rose and Ginkgo Villa	Wuxi	1,610,813		128,995	
Chengdu Thousand Castles	Chengdu	1,132,421	2,097,694	141,763	246,982
Chongqing Mopan Shan	Chongqing	1,129,459		106,078	
Chongqing Chunsen Land	Chongqing	990,938	118,981	140,586	15,840
Chongqing Toschna Villa	Chongqing	789,039	1,310,829	60,498	139,459
Chongqing Peace Hill County	Chongqing	730,878	940,795	118,406	167,447
Beijing Chianti Riverside	Beijing	582,437		42,334	
Chengdu Jade Town	Chengdu	458,495		19,549	
Choqing Mu Yu Shi	Chongqing	415,517		46,336	
Xi'an Fairy Castle	Xi'an	337,927		70,411	
Shenyang Chianti	Shenyang	311,939		38,833	
Chengdu Bridge County	Chengdu	272,448	1,538,050	17,385	133,146
Chengdu Flamenco Spain	Chengdu	270,411	388,787	37,111	68,951
Shenyang Rose & Gingko Villa	Shenyang	190,437		21,329	
Chongqing Sunshine Riverside	Chongqing	164,363	1,043,367	26,614	159,419
Beijing Elegance Loft	Beijing	64,874	2,121,082	13,939	468,480
Others		250,433	2,709,967	85,486	326,923
Total		**23,376,012**	**14,596,701**	**1,678,160**	**1,800,149**

The Group achieved contract sales of RMB38.27 billion (including RMB2.07 billion from jointly controlled entities), representing an increase of 14.9% as compared to last year. The Group sold 3,286,285 square meters in GFA, representing an increase of 33.9% over last year. Contract sales recorded in different regions were even. The contract sales in Western China, Pan Bohai Rim and the Yangtze River Delta were RMB17.40 billion, RMB12.37 billion and RMB8.50 billion, contributing to 45.5%, 32.3% and 22.2% of the Group's total contract sales respectively. The contribution to the sales from new regions continued to rise. The Group entered Wuxi, Changzhou, Qingdao, Hangzhou, Shenyang and Yantai in 2009, and the contract sales in these cities amounted to RMB10.64 billion in 2011, contributing to 27.8% of the Group's total contract sales (2010: 20.6%).

Table 2: Details of contract sales of the Group in 2011
** Before deducting sales tax*

Project	**City**	**Sales**	**Total GFA**
		RMB in million	*sq.m.*
Yangma Island	Yantai	3,001	216,821
Chongqing Times Paradise Walk	Chongqing	2,982	168,375
Chengdu North Paradise Walk	Chengdu	1,986	183,733
Beijing Changying Paradise Walk	Beijing	1,854	65,617
ChongqingMopan Shan	Chongqing	1,573	172,343
Shanghai Sunshine City	Shanghai	1,558	104,650
Chongqing U2	Chongqing	1,537	215,613
Qingdao Rose & Gingko Coast	Qingdao	1,454	116,287
Beijing Tangning One	Beijing	1,400	56,925
Chongqing Bamboo Grove	Chongqing	1,290	169,039
Beijing Summer Palace Splendor	Beijing	1,216	14,051
Chengdu Times Paradise Walk	Chengdu	1,203	117,718
Shanghai Long Xing Lu	Shanghai	1,153	62,437
Beijing Azure Chianti	Beijing	1,131	47,759
Changzhou Sunshine City	Changzhou	1,081	101,039
Changzhou Dongjing 120 Project	Changzhou	1,078	81,616
Hangzhou Rose & Gingko Villa	Hangzhou	963	56,043
Xi'an Chianti	Xi'an	845	103,206
Chengdu Flamenco Spain	Chengdu	825	127,632
Beijing Chianti Riverside	Beijing	821	77,985
Hangzhou Chianti Riverside	Hangzhou	757	71,289
Chongqing Toschna Villa	Chongqing	747	56,671
Chongqing Hua Qian Shu	Chongqing	689	98,811
Changzhou Hongzhuang Project	Changzhou	619	49,526
Wuxi Rose and Ginkgo Villa	Wuxi	614	53,478
Chongqing Chunsen Land	Chongqing	592	70,526
Chongqing Peace Hill County	Chongqing	535	81,941
Chengdu Century Peak View	Chengdu	516	36,242
Beijing Times Paradise Walk	Beijing	511	47,501
Xi'an Fairy Castle	Xi'an	490	56,303
Others		3,247	405,108
Total/Average		**38,268**	**3,286,285**

As of December 31, 2011, the Group had RMB44.7 billion (derived from 3.75 million square meters) sold but unrecognized contract sales which formed a solid basis for the Group's future growth in revenue.

Property Investment

With the renovation and upgrade of existing properties, the Group's rental income from investment properties for 2011 grew rapidly with an increase of 40.0% to RMB402 million. Upon the completion of the renovation, the anchor store in Chongqing West Paradise Walk's rental income increased by 65.9%. In 2011, two new shopping malls, namely Beijing Starry Street and Chongqing Chunsen Starry Street were completed and commenced operation. Currently, the Group has investment properties of 438,979 square meters which have commenced operation.

Table 3: Breakdown of rental income of the Group in 2011
* *After deducting sales tax*

	2011			**2010**			
	Rental Income *RMB'000*	**% of Revenue**	**Occupancy Rate**	**Rental Income** *RMB'000*	**% of Revenue**	**Occupancy Rate**	**Rental Income Growth Rate**
Chongqing North Paradise Walk	240,967	59.9%	99.3%	197,261	68.7%	99.4%	22.2%
Chongqing West Paradise Walk	88,259	21.9%	99.1%	53,190	18.5%	98.1%	65.9%
Chongqing Fairy Castle	14,743	3.7%	100.0%	13,984	4.9%	100.0%	5.4%
Chongqing Crystal Palace	14,892	3.7%	100.0%	14,077	4.9%	100.0%	5.8%
Chongqing MOCO Center	15,004	3.7%	100.0%	2,715	0.9%	98.48%	452.7%
Chengdu Three Thousand Mall	18,506	4.6%	95.4%	3,294	1.1%	97.70%	461.7%
Beijing Starry Street	6,397	1.6%	97.7%				
Others	3,399	0.8%	N/A	2,760	1.0%	N/A	23.1%
Total	**402,167**	**100%**	**99.1%**	**287,281**	**100%**	**97.1%**	**40.0%**

In 2011, five projects, namely Chengdu North Paradise Walk, Chongqing U City Paradise Walk Fashion House, Shanghai Sunshine City, Chongqing Times Paradise Walk and Xi'an MOCO Center, have commenced construction. In the next three years, large investment properties such as the Chongqing Times Paradise Walk and Chengdu North Paradise Walk will commence operation, which laid a foundation for the growth of rental income of the Group in the future.

Benefiting from stable rental income growth and the commencement of construction of new investment properties, a revaluation gain of investment properties of RMB2.63 billion was recorded in 2011.

Expenses Control

In 2011, the Group strategically recruited talents for the management team and key positions under the severe market environment, the general and administrative expenses accounted for 1.85% to the total contract sales, representing an increase of 0.55% as compared with last year. In addition, our sales team placed emphasis on the effectiveness and appropriateness of sales strategies and adopted efficient measures in management. As a result, the proportion of sales expenses to the total contract sales only increased by 0.70% to 1.68%.

Share of Results of Jointly Controlled Entities

Contribution of jointly controlled entities (JCEs) in 2011 mainly came from the Chongqing Bamboo Grove Project, Chengdu Century Peak View project and Shanghai Rose and Ginkgo Villa Project of which the Group owned 49.6%, 49.1% and 45.7% equity interest, respectively. These three projects delivered 255,994 square meters. The attributable profit after tax before minority interest of the Group in JCEs was RMB324 million.

Income Tax Expense

Income tax expenses comprised of PRC enterprise income tax and land appreciation tax. The enterprise income tax and the land appreciation tax of the Group in 2011 were RMB2.43 billion and RMB2.09 billion, respectively. Total income tax of the Group for the period was RMB4.52 billion. The relatively high income tax for the period was mainly due to the high appreciation of Summer Palace Splendor.

Profitability

The core net profit margin of the Group (the ratio of profit attributable to equity shareholders excluding minority interest and revaluation gain to revenue) increased from 17.1% in 2010 to 18.7%. This is mainly because projects with high gross profit margin, such as Summer Palace Splendor, were recognized in the period.

Benefited from its excellent operation management, the Group has maintained a high level of return on equity (ROE) which still keeps increasing. In 2011, the Group's ROE reached 33.4% (2009: 29.0%; 2010: 29.4%), ensuring steady returns to shareholders in the volatile market.

Land Bank Replenishment

As of December 31, 2011, the total land bank of the Group was 33.76 million square meters or 30.74 million square meters on an attributable basis. The average acquisition cost of our land bank was RMB1,859 per square meter, representing 16.0% of the unit price of current contract sales. In terms of regional breakdown, Pan Bohai Rim, the Yangtze River Delta, and Western China accounted for 42.1%, 18.8% and 39.1% of the total land bank, respectively.The geographic spread of the land bank of the Group was as follows:

Table 4: Breakdown of land bank of the Group

Region	City	Total GFA	% of Total	Attributable GFA	% of Total
		sqm		*sqm*	
Pan Bohai Rim	Beijing	1,809,296	5.4%	1,651,836	5.4%
	Shenyang	2,771,620	8.2%	2,680,529	8.7%
	Qingdao	1,123,136	3.3%	1,116,541	3.6%
	Yantai	7,777,783	23.1%	7,161,681	23.3%
	Dalian	669,724	2.0%	324,147	1.1%
	Subtotal	14,151,559	42.0%	12,934,734	42.1%
Yangtze River Delta	Shanghai	668,002	2.0%	624,211	2.0%
	Wuxi	1,235,623	3.7%	1,128,124	3.7%
	Changzhou	2,377,392	7.0%	2,314,625	7.6%
	Hangzhou	1,076,600	3.2%	1,050,231	3.4%
	Ningbo	650,017	1.9%	650,017	2.1%
	Subtotal	6,007,634	17.8%	5,767,208	18.8%
Western China	Chongqing	7,012,205	20.8%	6,186,024	20.1%
	Chengdu	3,683,165	10.9%	3,195,871	10.4%
	Xi'an	2,084,587	6.2%	1,908,445	6.2%
	Yuxi	821,619	2.4%	750,138	2.4%
	Subtotal	13,601,576	40.3%	12,040,478	39.1%
Total		**33,760,769**	**100.0%**	**30,742,420**	**100.0%**

In 2011, the Group acquired 4.82 million square meters of land in terms of total GFA, of which 51% was located in Western China, 25% in the Pan Bohai Rim, and 24% in the Yangtze River Delta. The average acquisition cost was RMB1,950 per square meter. Strategically, we entered Ningbo and acquire lands with high potential at a relatively low cost.

Table 5: Land acquisition from January to December 2011

Region	Project	City	Attributable Interest	Site Area	Total GFA
			%	*Sqm*	*Sqm*
Pan Bohai Rim	Baisha Project F Plot	Qingdao	100.00%	190,912	297,154
	Shankeda Project	Qingdao	97.00%	223,135	219,832
	Yangma Island Project B Plot	Yantai	100.00%	685,641	696,147
	Subtotal			1,099,688	1,213,133
Yangtze River Delta	HongQiao CBD Project	Ningbo	93.48%	78,752	290,800
	Quiet Tale	Shanghai	91.30%	124,826	198,597
	Ningbo Rose & Gingko Coast	Ningbo	100%	505,794	650,017
	Subtotal			709,372	1,139,414
Western China	Beibei New Town	Chongqing	100.00%	542,738	848,518
	Chengdu Time Paradise Walk	Chengdu	91.3%	305,675	1,614,754
	Subtotal			848,413	2,463,272
Total				**2,657,473**	**4,815,819**

Financial Position

As of December 31, 2011, the Group's consolidated borrowings amounted to RMB23.97 billion (December 31, 2010: RMB17.32 billion). Cash and bank balance reached RMB14.53 billion. The net debt to equity ratio of the Group was 43.0%. The Group's credit ratings are BB+ (Standard & Poor) and Ba2 (Moodys) and the rating outlook is stable.

Approximately 64.9% of the Group's total borrowings were denominated in RMB, while 35.1% were denominated in foreign currency. The Group has no arrangements for currency hedging.

Approximately RMB8.51 billion of the Group's consolidated borrowings were quoted at fixed rates ranging from 3.08% per annum to 9.50% per annum depending on the tenors of the loans; the rest were quoted at floating rates. As at December 31, 2011, the Group's average cost of borrowing was 6.40% per annum and the average terms of borrowings extended from 3.4 years to 4 years. The ratio of unsecured debt to total debt rose from 46.6% as at December 31, 2010 to 55.8%. Ratio of fixed interest debt to total debt rose from 31.5% as at December 31, 2010 to 35.5%.

In April 2011, the Group issued bonds of USD750 million at a reasonable interest rate of (9.5%) with a tenor of 5 years to secure healthy and sound cash flow for the Company in the future.

The Directors believe that the continuous improvement of the Group's debt profile and capital structure will act as a strong buffer against market fluctuations and financial risk.

Employees and Compensation Policy

As of December 31, 2011, the Group had 7,374 full-time employees in China and Hong Kong. 1,977 of these employees worked in the property development division, 159 in the property investment division, and 5,238 in the property management division. Average age of our workforce is 31.4 years old. In the property development and investment divisions, approximately 84.1% have university degrees and 13.7% have master degrees or above.

The Group remunerates its employees based on their performance, work experience and the prevailing market wage level. The total compensation of the employees consisted of base salary, cash bonus and share-based rewards. Cash bonus is a large part of senior employees' cash compensation which is a function of, amongst other things, the net profit of the individual subsidiaries, net profit margin, results of a balanced score card system and operating cash inflow, etc. In 2011, the Group granted 46,000,000 share options at the exercise price of HKD12.528 per share and 150,000,000 share options at the exercise price of HKD 8.28 per share to directors, senior management and employees.

Prospects

In 2012, the real estate market in mainland China will continue to be affected by government's tightening measures. Currently, the Group has 46 projects are available for sale, among which, 26 projects will launch new phases and new products in 2012. In addition, the Group will launch 9 new projects in 2012. The products will cater to customers with various demands including first-time housing, further upgrade, and business operation real estate.

The Group (including jointly controlled entities) completed 2.66 million square meters of properties in 2011 and plans to complete approximately 3.27 million square meters of properties in 2012. Currently, the construction and sales progress is satisfactory.

For investment properties, Beijing Starry Street and Chongqing Chunsen Starry Street were completed and commenced operation in 2011, while the construction of five other properties of the Group, namely Chengdu North Paradise Walk, Chongqing U City Paradise Walk Fashion House, Shanghai Sunshine City, Chongqing Times Paradise Walk II and Xi'an MOCO has commenced. Chongqing Times Paradise Walk I, Chongqing U City Paradise Walk Fashion House and Chongqing Chunsen Starry Street II will commence operation in 2012. The above properties ensure a solid basis for the growth of investment property rental income of the Group in the future.

In face of challenging markets, the Group will continue to implement prudent and balanced financial management policies. The Group will reasonably plan and arrange investment and operation expenses in accordance with its cash inflow to ensure sound financial condition and leverage ratio of the Company.

Lastly, on behalf of the Board, I would like to express my sincere appreciation to all of our employees for their hard work and all of our shareholders for their support in the past year.

FINAL DIVIDEND

The Board proposed the payment of a finial dividend of RMB0.175 per share for the year ended December 31, 2011 to shareholders whose names appear on the register of members of the Company on May 24, 2012. The proposed final dividend will be paid on or about June 4, 2012 after approval by shareholders of the Company at the forthcoming annual general meeting of the Company (the "AGM").

The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from May 14, 2012 to May 16, 2012.

ANNUAL GENERAL MEETING

The AGM is to be held on May 17, 2012 and the notice of AGM will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, May 11, 2012 to Thursday, May 17, 2012, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on Thursday, May 17, 2012, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, May 10, 2012.

The register of members of the Company will be closed from Wednesday, May 23, 2012 to Thursday, May 24, 2012 (both days inclusive) during which period no transfer of shares will be effected. To qualify for the proposed final dividend, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited Hopewell Centre, Shops 1712-1716, 17th Floor, 183 Queen's Road East, Wan Chai, Hong Kong not later that 4:30 p.m. on Tuesday, May 22, 2012.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of three independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls system and financial reporting matters including the review of the Group's audited consolidated results for the year ended December 31, 2011.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has adopted Corporate Governance Policy with reference to the principles set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Listing Rules and has updated regularly so as to maintain a high standard of corporate governance practices.

The Company has complied with the code provisions of the Code for the year ended December 31, 2011 except the following deviation:

The roles of the Chairman and Chief Executive Officer of the Company have not been segregated as required by the provision A.2.1 of the Code for the period form 1 January 2011 to 14 August 2011. With effect from 15 August 2011, Madam Wu Yajun resigned as the Chief Executive Officer of the Company and remain as the Chairman at the Board, Mr. Shao Ming Xiao, an executive director has been appointed as Chief Executive Officer of the Company.

The Board currently comprises seven executive Directors (including Madam Wu) and four independent non-executive Directors and therefore has a fairly strong independence element in its composition.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted a code of conduct regarding securities transactions of directors (the "Securities Code") on no less exacting the required standard set out in the Model code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. All Directors confirmed that they have complied with the required standard set out in the Securities Code during the year ended December 31, 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company during the year ended December 31, 2011.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.longfor.com). The annual report of the Company for the year ended December 31, 2011 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises eleven members: Madam Wu Yajun, Mr. Shao Mingxiao, Mr. Zhou Dekang, Mr. Qin Lihong, Mr. Feng Jinyi, Mr. Wei Huaning and Mr. Fang Shengtao who are executive Directors; and Mr. Frederick Peter Churchouse, Mr. Chan Chi On, Derek, Mr. Xiang Bing and Mr. Zeng Ming who are independent non-executive Directors.

By order of the Board
Longfor Properties Co., Ltd.
Wu Yajun
Chairman

Hong Kong, March 12, 2012