SPG LAND (HOLDINGS) LIMITED
盛高置地(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0337)

2011 ANNUAL RESULTS ANNOUNCEMENT

KEY ACHIEVEMENTS IN FY2011

- Recognized revenue increased by 33% to RMB5,678 million
- Gross profit increased by 53% to RMB1,939 million
- GP ratio increased from 30% in 2010 to 34% in 2011
- Profit attributable to equity shareholders of 2011 was RMB898 million
- Acquired a new project in Ningbo with a GFA of 365,987 sq.m. Group's total land bank reached 5.8 million sq.m. as of 31 December 2011

The Board of Directors (the "Board") of SPG Land (Holdings) Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	Note	**2011** **RMB'000**	2010 RMB'000
Revenue	6	**5,677,523**	4,271,189
Cost of sales		**(3,738,880)**	(3,003,983)
Gross profit		**1,938,643**	1,267,206
Other income	7	**169,310**	3,423
Selling and marketing costs	10	**(105,203)**	(150,186)
Administrative expenses	10	**(368,856)**	(260,446)
Other operating expenses	8	**(109,372)**	(24,005)
Net gain on acquisition of a jointly controlled entity		**–**	149,911
Net gain on repurchase of convertible bonds		**–**	17,248
Results from operating activities		**1,524,522**	1,003,151
Finance income	11	**38,937**	107,851
Finance expenses	11	**(67,483)**	(61,982)
Fair value changes on financial derivatives	11	**(25,209)**	(20,123)
Net finance (expenses)/income	11	**(53,755)**	25,746
Share of (losses)/profits of associates		**(68,639)**	281,792
Share of losses of jointly controlled entity		**(3,333)**	(20,008)
Profit before revaluation gains on investment properties and income tax		**1,398,795**	1,290,681
Revaluation (losses)/gains on investment properties		**(28,844)**	229,203
Profit before income tax		**1,369,951**	1,519,884
Income tax expense	12	**(486,631)**	(618,278)
Profit for the year		**883,320**	901,606
Profit attributable to:			
Equity holders of the Company		**898,320**	890,206
Minority interests		**(15,000)**	11,400
Profit for the year		**883,320**	901,606
Earnings per share			
Basic earnings per share (RMB)	14	**0.855**	0.847
Diluted earnings per share (RMB)	14	**0.855**	0.823

	Note	2011 *RMB'000*	2010 *RMB'000*
Profit for the year		**883,320**	901,606
Other comprehensive income for the year			
Exchange differences		**243**	9
Total comprehensive income for the year		**883,563**	901,615
Total comprehensive income attributable to:			
Equity holders of the Company		**898,563**	890,215
Minority interests		**(15,000)**	11,400
Total comprehensive income for the year		**883,563**	901,615

CONSOLIDATED BALANCE SHEET AND COMPANY BALANCE SHEET
As at 31 December 2011

		Group		Company	
		2011	2010	**2011**	2010
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Assets					
Property, plant and equipment		**1,004,473**	904,068	**–**	–
Intangible assets		**1,566**	1,610	**–**	–
Land use rights		**78,699**	81,732	**–**	–
Other investments		**14,032**	13,032	**–**	–
Properties under development		**6,618,792**	3,600,904	**–**	–
Investment properties	*22*	**1,651,000**	1,948,000	**–**	–
Interests in associates	*23*	**1,194,608**	1,263,247	**–**	–
Interests in a jointly controlled entity	*24*	**735,135**	738,468	**–**	–
Investment in subsidiaries		**–**	–	**4,101,382**	3,935,092
Long-term receivable	*16*	**814,186**	814,186	**–**	–
Financial derivatives	*20*	**–**	625	**–**	–
Deferred tax assets		**211,067**	139,785	**–**	–
Total non-current assets		**12,323,558**	9,505,657	**4,101,382**	3,935,092
Properties under development		**4,452,903**	4,921,467	**–**	–
Completed properties held for sale		**1,533,109**	505,220	**–**	–
Other investments		**10,824**	16,115	**–**	–
Trade, other receivables and advance deposits	*15*	**2,439,436**	3,270,269	**424,020**	590,743
Long-term receivable within one year	*16*	**125,486**	125,486	**–**	–
Restricted cash		**1,307,467**	1,985,536	**–**	–
Cash and cash equivalents		**1,645,026**	1,514,439	**39,799**	743
Total current assets		**11,514,251**	12,338,532	**463,819**	591,486
Total assets		**23,837,809**	21,844,189	**4,565,201**	4,526,578
Equity					
Share capital		**106,591**	106,591	**106,591**	106,591
Share premium		**2,069,086**	2,069,086	**2,069,086**	2,069,086
Reserves		**790,993**	743,255	**309,670**	355,209
Retained earnings/(Accumulated losses)		**2,258,044**	1,499,732	**(16,225)**	152,888
Total equity attributable to equity holders of the Company		**5,224,714**	4,418,664	**2,469,122**	2,683,774
Minority interests		**81,385**	108,254	**–**	–
Total equity		**5,306,099**	4,526,918	**2,469,122**	2,683,774

		Group		Company	
		2011	2010	**2011**	2010
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Liabilities					
Interest-bearing loans		**2,077,615**	1,534,694	**–**	–
Trade, other payables and advance receipts	*17*	**9,512,430**	10,162,183	**462,471**	890,575
Tax payable		**1,209,234**	879,931	**–**	–
Long-term payable within one year	*18*	**6,000**	6,000	**–**	–
Total current liabilities		**12,805,279**	12,582,808	**462,471**	890,575
Interest-bearing loans		**4,174,690**	4,347,386	**–**	–
Long-term payable	*18*	**39,997**	42,738	**402,190**	952,229
Financial derivatives	*20*	**1,742**	–	**–**	–
Senior notes	*19*	**1,231,418**	–	**1,231,418**	–
Deferred tax liabilities		**278,584**	344,339	**–**	–
Total non-current liabilities		**5,726,431**	4,734,463	**1,633,608**	952,229
Total liabilities		**18,531,710**	17,317,271	**2,096,079**	1,842,804
Total equity and liabilities		**23,837,809**	21,844,189	**4,565,201**	4,526,578
Net current (liabilities)/assets		**(1,291,028)**	(244,276)	**1,348**	(299,089)
Total assets less current liabilities		**11,032,530**	9,261,381	**4,102,730**	3,636,003

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND GROUP REORGANISATION

The Company was incorporated in the Cayman Islands on 13 April 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies. The companies comprising the Group underwent a reorganisation (the "Reorganisation") to rationalise the Group's structure in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). On 30 June 2006, the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation were set out in the Prospectus of the Company dated 26 September 2006.

The Company's shares were listed on the Hong Kong Stock Exchange on 10 October 2006.

2. BASIS OF PREPARATION

The consolidated results of the Group for the year ended 31 December 2011 include the results of the Company and its subsidiaries from 1 January 2011, or their respective dates of incorporation. The consolidated balance sheet at 31 December 2011 is a consolidation of the balance sheets of the Company and its subsidiaries at the respective balance sheet dates. All material intra-group transactions and balances have been eliminated on consolidation. In the opinion of the directors, the consolidated financial statements prepared on this basis present fairly the results of operations and the state of affairs of the Group as a whole.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on Hong Kong Stock Exchange.

The International Accounting Standards Board ("IASB") has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except that other investments in equity securities, derivative financial instruments and investment properties are measured at fair value.

The methods used to measure fair values are discussed further in note 4.

The financial statements have been prepared on the basis that the Group will continue to operate throughout the next twelve months as a going concern. The Group's current liabilities exceeded its current assets by RMB1,291,028,000 as at 31 December 2011 (2010: RMB244,276,000). Based on the anticipated ability of the Group to obtain continued bank financing and the estimated proceeds from pre-sale of certain projects to finance its continuing operation, the Company's directors have prepared the financial statements on a going concern basis.

(c) Functional and presentation currency

These consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional currency. All financial information presented in RMB has been rounded to the nearest thousand.

3. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs and one new Interpretation 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:

- IAS 24 (revised 2009), Related party disclosures
- Improvements to IFRSs (2010)
- IFRIC 19, *Extinguishing financial liabilities with equity instruments*
- Amendments to IFRIC 14, IAS 19 – *The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement*

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

The amendments to IFRIC 14 have had no material impact on the Group's financial statements as they were consistent with policies already adopted by the Group. IFRIC 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The impacts of other developments are discussed below:

- IAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period. IAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.
- Improvements to IFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in IFRS 7, Financial instruments: Disclosures. The disclosures about the Group's financial instruments have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Properties under development

The fair values of properties under development recognised as a result of a business combination are based on market values. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in arms' length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(ii) Investment properties

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every six months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in arms' length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Investment property under construction or development is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction or development, financing costs and a reasonable profit margin.

(iii) Share-based payment transactions

The fair value of employee stock options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5. SEGMENT REPORTING

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the chief operating decision maker (the "CODM") reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments.

- Sales of property: this segment develops and sells residential properties, including villas, townhouses and apartments, etc. Currently the Group's activities in this regard are carried out in Shanghai, Kunming, Changshu, Wuxi, Suzhou, Haikou, Taiyuan and Ningbo.

- Lease of property: this segment leases commercial and residential properties to generate rental income and gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located in Shanghai, Haikou, Kunming, Suzhou and Wuxi.

- Hotel and related services: this segment operates hotels and service apartments to generate accommodation service and related income. Currently the Group's activities in this regard are carried out in Shanghai, Suzhou and Huangshan.

- Education: this segment provides education and accommodation service to college students. Currently the Group's activities in this regard are carried out in Shanghai.

- Property management and other related services: this segment provides property management services, project management services, greenery construction services and other related services to external customers and group companies. Currently the Group's activities in this regard are carried out in Shanghai, Kunming, Changshu, Wuxi, Suzhou and Haikou.

In prior periods, the Group managed the operations of sales of property and hotel and related services as a whole. The composition of the reportable segments was changed in the current year as a result of the significant growth of hotel and related services. The change in the composition of the operating segments has resulted in the change in the internal reporting information reviewed by the CODM.

In a manner consistent with the way in which information is reported internally to the CODM, the Group has separated the segment of sales of property into two segments: (i) sales of property; (ii) hotel and related services. Comparative figures have been reclassified to reflect such change.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all current and non-current assets with the exception of interests in associates, interests in a jointly controlled entity, financial derivatives and other corporate assets. Segment liabilities include all current and non-current liabilities except for the senior notes managed at corporate level.

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment results do not include fair value change on financial derivatives, compensation income, share of losses or profits of associates, share of losses of jointly controlled entity and those profit or loss related to senior notes, share-based payments and any other transactions at the corporate level.

For the year ended 31 December 2011

Expressed in RMB'000	**Sales of property**	**Lease of property**	**Hotel & related services**	**Education**	**Property management & other related services**	**Total**
Revenue from external customers	**5,417,462**	**36,430**	**80,858**	**77,343**	**65,430**	**5,677,523**
Inter-segment revenue	**–**	**–**	**–**	**–**	**23,852**	**23,852**
Reportable segment revenue	**5,417,462**	**36,430**	**80,858**	**77,343**	**89,282**	**5,701,375**
Reportable segment profit/(loss)	**995,140**	**(67,252)**	**(106,494)**	**4,097**	**(6,387)**	**819,104**
Interest income	**28,352**	**566**	**8,760**	**100**	**1,159**	**38,937**
Finance expenses	**(21,506)**	**(25,548)**	**(14,227)**	**(15,588)**	**–**	**(76,869)**
Revaluation losses on investment properties	**–**	**(28,844)**	**–**	**–**	**–**	**(28,844)**
Reportable segment assets	**19,819,429**	**1,651,000**	**2,407,164**	**308,566**	**168,413**	**24,354,572**
Additions to non-current segment assets during the year	**17,928**	**122,492**	**8,030**	**11,404**	**311**	**160,165**
Reportable segment liabilities	**16,114,776**	**645,020**	**1,996,662**	**227,041**	**89,971**	**19,073,470**
Depreciation and amortisation	**11,949**	**–**	**37,612**	**13,770**	**440**	**63,771**

For the year ended 31 December 2010 (Reclassified)

Expressed in RMB'000	Sales of property	Lease of property	Hotel & related services	Education	Property management & other related services	Total
Revenue from external customers	4,113,664	29,069	–	77,229	51,227	4,271,189
Inter-segment revenue	–	–	–	–	18,435	18,435
Reportable segment revenue	4,113,664	29,069	–	77,229	69,662	4,289,624
Reportable segment profit	324,764	181,651	–	10,966	(18,414)	498,967
Interest income	106,641	267	–	36	907	107,851
Finance expenses	(62,906)	(3,150)	–	(11,212)	–	(77,268)
Revaluation gains on investment properties	–	229,203	–	–	–	229,203
Reportable segment assets	17,815,271	1,948,000	2,155,674	276,213	306,645	22,501,803
Additions to non-current segment assets during the year	6,810	78,381	18,179	5,843	955	110,168
Reportable segment liabilities	16,799,940	640,045	1,672,137	198,784	179,594	19,490,500
Depreciation and amortisation	13,749	–	–	13,691	557	27,997

Reconciliation of reportable segment revenues, profit, assets and liabilities

Revenue	**2011** *RMB'000*	2010 *RMB'000*
Reportable segment revenue	**5,701,375**	4,289,624
Elimination of inter-segment revenue	**(23,852)**	(18,435)
Consolidated revenue	**5,677,523**	4,271,189

Profit	**2011** *RMB'000*	2010 *RMB'000*
Reportable segment profit	**819,104**	498,967
Elimination of inter-segment losses/(profits)	**1,526**	(2,282)
Fair value change on financial derivatives	**(25,209)**	(20,123)
Repurchase of convertible bonds	**–**	17,248
Compensation income	**160,997**	–
Share-based payments	**(1,126)**	(3,899)
Gain on acquisition of a jointly controlled entity	**–**	149,911
Share of (losses)/profits of associates	**(68,639)**	281,792
Share of losses of jointly controlled entity	**(3,333)**	(20,008)
Consolidated profit after income tax	**883,320**	901,606

Assets	**2011** *RMB'000*	2010 *RMB'000*
Reportable segment assets	**24,354,572**	22,501,803
Elimination of inter-segment receivables	**(1,814,430)**	(2,173,229)
Elimination of inter-segment investments	**(632,076)**	(488,216)
Other unallocated assets	**–**	1,491
Financial derivatives	**–**	625
Interests in associates	**1,194,608**	1,263,247
Interests in a jointly controlled entity	**735,135**	738,468
Consolidated total assets	**23,837,809**	21,844,189

Liabilities	**2011** *RMB'000*	2010 *RMB'000*
Reportable segment liabilities	**19,073,470**	19,490,500
Elimination of inter-segment payables	**(1,814,430)**	(2,173,229)
Senior notes	**1,270,928**	–
Financial derivatives	**1,742**	–
Consolidated total liabilities	**18,531,710**	17,317,271

Geographical information

In view of the fact that the Group mainly operates in the PRC, no geographical segment information is presented.

Information about major customers

For the year ended 31 December 2011 and 2010, no single customer contributes 10% or more of the total sales of the group.

6. REVENUE

The amount of each significant category of revenue recognised is as follows:

	2011	2010
	RMB'000	*RMB'000*
Sales of properties	**5,417,462**	4,113,664
Rental income	**36,430**	29,069
Property management income	**44,595**	38,268
Sales of goods and rendering of services	**20,835**	12,959
Tuition fee	**77,343**	77,229
Hotel operation income	**80,858**	–
Total	**5,677,523**	4,271,189

7. OTHER INCOME

	2011	2010
	RMB'000	*RMB'000*
Compensation	**160,997**	–
Government grants	**2,474**	1,779
Forfeited deposits from customers	**794**	683
Others	**5,045**	961
Total	**169,310**	3,423

Pursuant to the announcement of the Company dated 18 July 2011, the Group subsequently received a compensation amounting to RMB161 million from a third party company, as a result of unilaterally terminated a share purchase agreement entered into with the Group in April 2011.

8. OTHER OPERATING EXPENSES

	2011	2010
	RMB'000	*RMB'000*
Donations	**5,478**	9,243
Penalty costs	**22,086**	6,781
Loss of fixed assets	**153**	6,691
Impairment loss	**81,146**	–
Others	**509**	1,290
Total	**109,372**	24,005

As of 31 December 2011, the Group assessed the recoverable amounts of its properties. As a result, the carrying amounts of certain properties under development were written down by RMB37,912,000 and the carrying amounts of certain completed properties held for sale were written down by RMB43,234,000. The estimates of recoverable amount were based on the properties' fair values less costs to sell, determined by reference to the recent observable market prices for similar assets.

9. PERSONNEL EXPENSES

	2011	2010
	RMB'000	*RMB'000*
Wages and salaries	**179,607**	126,952
Contributions to defined contribution plans	**21,706**	15,287
Staff welfare, bonuses and other allowances	**25,527**	10,966
Equity-settled share-based payment expenses *(note 21(i))*	**1,126**	3,899
Total	**227,966**	157,104

10. EXPENSES BY NATURE

The following expenses are included in cost of sales, selling and marketing costs and administrative expenses:

	2011	2010
	RMB'000	*RMB'000*
Cost of properties sold	**3,215,888**	2,899,867
Auditors' remuneration		
– audit services	**3,810**	3,000
– audit-related services	**1,100**	650
Depreciation	**61,848**	26,213
Amortisation of land use rights	**1,879**	1,739
Operating lease charges	**15,572**	8,768

11. FINANCE INCOME AND EXPENSES

	2011	2010
	RMB'000	*RMB'000*
Interest income on bank deposits	**38,937**	59,615
Interest income on long-term receivable measured at amortised cost	**–**	48,236
Finance income	**38,937**	107,851
Interest expenses on bank loans and senior notes	**(633,379)**	(354,508)
Interest expenses on other financial liabilities measured at amortised cost	**–**	(13,857)
Less: interest capitalised	**494,398**	261,454
Net interest expenses	**(138,981)**	(106,911)
Interest expenses on long-term payable measured at amortised cost	**(3,259)**	(3,436)
Net change in fair value of other investments	**(207)**	(2,287)
Net foreign exchange gain	**74,964**	50,652
Finance expenses	**(67,483)**	(61,982)
Fair value changes on financial derivatives *(note 19, 20)*	**(25,209)**	(20,123)
Net finance (expenses)/income	**(53,755)**	25,746

12. INCOME TAX EXPENSE

(i) Income tax in the consolidated statement of comprehensive income represents:

	2011	2010
	RMB'000	*RMB'000*
Current tax		
Provision for PRC enterprise income tax for the year	**394,778**	299,260
Provision for PRC land appreciation tax for the year	**124,082**	104,880
	518,860	404,140
Deferred tax		
Origination and reversal of temporary differences	**(128,306)**	(23,382)
Benefit of tax losses recognised	**(8,731)**	(2,197)
Realisation of withholding tax	**–**	(18,400)
Deferred PRC land appreciation tax	**104,808**	258,117
	(32,229)	214,138
Total income tax expense	**486,631**	618,278

Enterprise income tax

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the year ended 31 December 2011.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Pursuant to the Corporate Income Tax Law ("New Tax Law") of the PRC passed by the Fifth Plenary Session of the Tenth National People's Congress on 16 March 2007 and effective from 1 January 2008, the Group's main project companies were subject to PRC income tax at a rate of 25% (2010: 25%).

Withholding tax

Pursuant to the New Tax Law, a 10% withholding tax was levied on dividends declared to foreign enterprise investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investors. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the PRC tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 determined based on the relevant PRC tax laws and regulations are exempted from the withholding tax. As at 31 December 2011, nil withholding tax (2010: RMB16,135,000) have been recognised in respect of the tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiaries. No deferred withholding taxes has been recognised, as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that certain of the profits earned by the Group's PRC subsidiaries for the year ended 31 December 2011 will not be distributed in the foreseeable future.

Land appreciation tax

PRC land appreciation tax is levied on properties developed for sale by the Group at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all property development expenditures. Land appreciation tax of RMB228,890,000 has been included in profit or loss for the year ended 31 December 2011 (2010: RMB362,997,000).

The subsidiaries of the Group engaging in property development business in the PRC are subject to land appreciation taxes, which have been included in the income tax. However, the implementation of these taxes varies amongst various provinces and the Group has not finalised its land appreciation tax returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the profit or loss and provisions of land appreciation taxes in the period in which such determination is made.

(ii) Reconciliation between tax expense and accounting profit at applicable tax rate:

	2011	2010
	RMB'000	*RMB'000*
Profit before income tax	**1,369,951**	1,519,884
Less: PRC land appreciation tax	**(228,890)**	(362,997)
	1,141,061	1,156,887
Tax calculated at the rates applicable to respective companies that comprise the Group	**221,882**	219,145
Tax effect of share of results of associates and jointly controlled entity	**148**	3,465
Non-deductible expenses, net of non-taxable income	**2,644**	2,176
Unused tax losses not recognised	**33,195**	15,099
Over-provision in prior years	**(128)**	(739)
	257,741	239,146
PRC land appreciation tax	**228,890**	362,997
Withholding tax	**–**	16,135
Total	**486,631**	618,278

Profit before income tax of the Group for the year ended 31 December 2011 was mainly generated by Shanghai Oriental and Kunming SPG Land, which are subject to PRC income tax at 25%.

In accordance with the accounting policy, the Group has not recognised deferred tax assets in respect of cumulative tax losses of certain subsidiaries for the year ended 31 December 2011 as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

13. DIVIDENDS

	2011	2010
	RMB'000	*RMB'000*
Final dividends in respect of previous financial year, declared and paid during the year (i)	**68,390**	56,402
Final dividends proposed after the balance sheet date (ii)	**–**	68,390

(i) In the meeting held on 7 March 2011, the Board of Directors proposed cash dividends of RMB6.5 cents per ordinary share for the year ended 31 December 2010, which was approved at the Annual General Meeting held on 2 June 2011. The cash dividends were paid on 9 June 2011.

(ii) The Board of Directors has resolved not to propose dividends in respect of the year ended 31 December 2011.

14. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2011 was based on the profit attributable to equity holders of the Company of RMB898,320,000 (2010: RMB890,206,000) and the weighted average number of ordinary shares of 1,051,128,275 (2010: 1,051,128,275) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2011	2010
Ordinary shares issued at 1 January	**1,051,128,275**	1,025,491,000
Effect of bonus issue	**–**	25,637,275
Weighted average number of ordinary shares at 31 December	**1,051,128,275**	1,051,128,275

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding based on the assumption that all dilutive potential ordinary shares are converted.

The calculation of diluted earnings per share for the year ended 31 December 2011 was based on the profit attributable to equity holders of the Company of RMB898,320,000 (2010: RMB907,563,000) and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares of 1,051,128,275 (2010: 1,102,422,896) calculated as follows:

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

	2011	2010
Weighted average number of ordinary shares (basic)	**1,051,128,275**	1,051,128,275
Effect of share options in issue	**–**	227,244
Effect of conversion of convertible bonds	**–**	51,067,377
Weighted average number of ordinary shares (diluted) at 31 December	**1,051,128,275**	1,102,422,896

The Company has no share options and convertible bonds outstanding as at 31 December 2011.

(ii) Profit attributable to ordinary equity holders of the Company (diluted)

	2011	2010
	RMB'000	*RMB'000*
Profit attributable to ordinary equity holders (basic)	**898,320**	890,206
Effect of effective interest on the liability component of convertible bonds	**–**	13,857
Effect of gain recognised on repurchase of convertible bonds	**–**	(17,248)
Effect of loss recognised on the derivative component of convertible bonds	**–**	20,748
Profit attributable to ordinary equity holders (diluted)	**898,320**	907,563

15. TRADE, OTHER RECEIVABLES AND ADVANCE DEPOSITS

	Group		Company	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Receivables due from related parties:				
– Subsidiaries	**–**	–	**423,990**	590,711
– Other related parties	**103,223**	1,909	**30**	32
	103,223	1,909	**424,020**	590,743
Trade receivables due from third parties	**14,599**	5,499	**–**	–
Advance payments to contractors	**136,958**	74,480	**–**	–
Advance deposits for acquisition of land use rights	**1,532,975**	2,714,149	**–**	–
Non-trade receivables	**414,274**	221,504	**–**	–
Tax prepayments	**237,407**	252,728	**–**	–
Total	**2,439,436**	3,270,269	**424,020**	590,743

The receivables due from related parties are unsecured, non-interest bearing and repayable on demand.

Non-trade receivable balances, deposits and advances to third parties are expected to be settled or recovered within one year.

Tax prepayments mainly represent prepayment of business tax, land appreciation tax and income tax during the pre-sale stage of certain properties under development.

The ageing analysis of trade receivables at each balance sheet date is as follows:

	Group	
	2011	2010
	RMB'000	*RMB'000*
Within 90 days	**14,322**	4,611
Over 90 days and within 180 days	**7**	388
Over 180 days and within 365 days	**270**	500
	14,599	5,499

16. LONG-TERM RECEIVABLE

	Term	Initial Cost	Group	
			2011	2010
		RMB'000	***RMB'000***	*RMB'000*
Long-term receivable	10 years	1,300,000	**939,672**	939,672
Less: Long-term receivable due within 1 year			**(125,486)**	(125,486)
Long-term receivable due after 1 year			**814,186**	814,186

The amount is repayable as follows:

	2011	2010
Within 1 year	**125,486**	125,486
Over 1 year and within 2 years	**113,103**	113,103
Over 2 years and within 5 years	**247,166**	247,166
After 5 years	**453,917**	453,917
	939,672	939,672

Long-term receivable represents shareholders' loan provided to Tianyuan Lifeng. The amount is non-interest bearing and repayable in 10 annual instalments of RMB130,000,000 each, starting from 11 June 2011 as scheduled. Since the repayment schedule delayed for one year, there is nil interest income recognised in relation to the long-term receivable during the year (2010: RMB48,236,000).

17. TRADE, OTHER PAYABLES AND ADVANCE RECEIPTS

	Group		Company	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Payables due to related parties:				
Non-trade related:				
– Dividends payable	**9,173**	9,173	**–**	–
– Subsidiaries	**–**	–	**415,625**	878,558
– Other related parties	**2,532,049**	2,665,911	**–**	–
	2,541,222	2,675,084	**415,625**	878,558
Trade payables	**2,776,785**	1,752,740	**–**	–
Advance receipts from customers	**2,955,884**	5,303,410	**–**	–
Other taxes payable	**37,812**	48,758	**–**	–
Dividends payable	**163**	96	**163**	96
Unpaid land cost	**890,081**	167,953	**–**	–
Non-trade payables and accrued expenses	**310,483**	214,142	**46,683**	11,921
Total	**9,512,430**	10,162,183	**462,471**	890,575

The payables due to related parties are unsecured, non-interest bearing and repayable on demand.

18. LONG-TERM PAYABLE

	Term	Initial Cost	Group 2011	Group 2010
		RMB'000	***RMB'000***	*RMB'000*
Long-term payable	15 years	58,453	**45,997**	48,738
Less: Long-term payable due within 1 year			**(6,000)**	(6,000)
Long-term payable due after 1 year			**39,997**	42,738

The amount is repayable as follows:

	Group 2011	Group 2010
	RMB'000	*RMB'000*
Within 1 year	**6,000**	6,000
Over 1 year and within 2 years	**5,682**	5,682
Over 2 years and within 5 years	**15,296**	15,296
After 5 years	**19,019**	21,760
	45,997	48,738

Long-term payable represents construction cost payable to a contractor. The amount is non-interest bearing and repayable in 15 annual instalments of RMB6,000,000 each, starting from 1 September 2008.

	Company 2011	Company 2010
	RMB'000	*RMB'000*
Due to subsidiaries	**402,190**	952,229

Long-term payable represents amounts due to certain subsidiaries. The payable is interest bearing and repayable over one year but within two years.

19. SENIOR NOTES

On 8 April 2011, the Company issued 13.5% senior notes due 2016 (the "Notes") with an aggregated nominal value of US$200,000,000 (equivalent to approximately RMB1,308,400,000) at a value equal to 98.244% of the face value. The Notes are listed on the Singapore Exchange Securities Trading Limited. The Notes carry interest at the rate of 13.5% per annum, payable semi-annually on 8 April and 8 October in arrears, and will mature on 8 April 2016, unless redeemed earlier. The net proceeds, after deducting the direct issuance costs, amounted to approximately US$191,298,939 (equivalent to RMB1,251,477,657).

At any time on or after 8 April 2014, the Company may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to (but not including) the redemption date if redeemed during the twelve month period beginning on 8 April of each of the years indicated below:

Period	**Redemption price**
2014	106.75%
2015 and there after	103.375%

At any time prior to 8 April 2014, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to 8 April 2014, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the proceeds from sales of common stock of the Company at a redemption price of 113.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The redemption options held by the Company are separately accounted for at fair value at the initial recognition date and 30 June 2011 as derivative financial instruments in accordance with the accounting policy.

The movements of different components of senior notes are set out below:

	Liability component *RMB'000*	Call option of the Company *RMB'000*	Total *RMB'000*
Senior Notes issued on 8 April 2011	1,274,320	(22,842)	1,251,478
Interests and issue cost amortised during the year	129,519	–	129,519
Interest paid during the year	(85,791)	–	(85,791)
Exchange gain	(47,120)	–	(47,120)
Change in fair value *(note 11)*	–	22,842	22,842
As at 31 December 2011	1,270,928	–	1,270,928
Represented as			
– Other payables – accrued interests	39,510		
– Senior notes	1,231,418		
– Total	1,270,928		

Liability component of the Notes represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate of the liability component is 14.257% per annum for the year ended 31 December 2011.

At 31 December 2011, the liability component of the Notes was repayable as follows:

	2011 ***RMB'000***	2010 *RMB'000*
After two years but within five years	**1,231,418**	–

20. FINANCIAL DERIVATIVES

	2011 ***RMB'000***	2010 *RMB'000*
Interest rate swaps *(note 11)*	**(1,742)**	625

During the year ended 31 December 2011, interest rate swaps, denominated in Hong Kong dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure. At 31 December 2011, the Group had interest rate swaps with a notional contract amount of HKD400,000,000 (2010: HKD400,000,000) to fix the interest rate of certain bank borrowings so as to reduce the impact of interest rate fluctuation. The swaps mature over the next 2.5 years, matching the maturity of the related loans and have fixed swap rates ranging from 0.79% to 0.995%.

The fair value of interest rate swap is determined by discounting the future cash flows of the contracts at the current market interest rates. The changes in the fair value during the year resulted in a fair value loss of RMB2,367,000 (2010: gain of RMB625,000), which has been recorded as "Fair value changes on financial derivatives" in profit or loss for the year ended 31 December 2011.

21. SHARE-BASED PAYMENTS

(i) Share option plan

(a) The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares:

	Number of shares involved in the option	Vesting condition	Contractual life of options
Options granted to directors:			
– on 19 September 2006	7,500,000	(i) 25% on the date of grant at an exercisable price of HKD3.824 per share; (ii) 25% on each of the first, second and third anniversary of the date of grant at an exercisable price of HKD4.302 per share	5 years
– on 3 December 2007	10,000,000	25% on the date of grant and on each of the first, second and third anniversary of the date of grant at an exercisable price of HKD6.526 per share	5 years
Options granted to employees:			
– on 19 September 2006	11,040,000	(i) 25% on the date of grant at an exercisable price of HKD3.824 per share; (ii) 25% on each of the first, second and third anniversary of the date of grant at an exercisable price of HKD4.302 per share	5 years
– on 10 October 2007	640,000	30% on the date of grant, 30% and 40% on the first and second anniversary of the date of grant at an exercisable price of HKD6.3 per share	5 years

	Number of shares involved in the option	Vesting condition	Contractual life of options
– on 30 October 2009	9,000,000	(i) 1/3 on the date of grant at an exercisable price of HKD4.59 per share; (ii) 1/3 before the first anniversary of the date of grant as and when the average of the closing prices of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for the past 10 consecutive business days immediately preceding the date is higher than HKD8 at an exercisable price of HKD8.00 per share; (iii) 1/3 before the second anniversary of the date of grant as and when the average of the closing prices of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for the past 10 consecutive business days immediately preceding the date is higher than HKD12 at an exercisable price of HKD12.00 per share	5 years
Total share options	38,180,000		

(b) The number and weighted average exercise price of share options are as follows:

	Year ended 31 December 2011		Year ended 31 December 2010	
	Weighted average exercise price	Number of shares involved in the options	Weighted average exercise price	Number of shares involved in the options
Outstanding at 1 January	HKD5.616	15,774,750	HKD6.061	19,350,000
Granted	–	–	–	–
Exercised	–	–	–	–
Bonus issue impact	–	–	–	483,750
Lapsed	HKD5.616	(15,774,750)	HKD7.069	(4,059,000)
Outstanding at 31 December	–	–	HKD5.616	15,774,750
Exercisable at 31 December	–	–	HKD4.141	12,699,750

During the year ended 31 December 2011, all the options lapsed or expired and therefore there is no outstanding or exercisable options at the year end.

During the year, an expense of RMB1.1 million (2010: RMB3.9 million) in relation to share-based payments is charged to administrative expenses in profit or loss.

(ii) Share award scheme

The Company has adopted a share award scheme (the "Share Award Scheme") on 3 December 2010. The purpose of the Share Award Scheme is to recognise and reward the contribution of the executives and employees (whether serving full-time or part-time) and directors of the Group to the growth and development of the Group through an award of the shares of the Company. Pursuant to the Share Award Scheme, the remuneration committee (the "Committee") shall oversee the operation of the Share Award Scheme whereas a trustee shall be entrusted with the administration of the Share Award Scheme. The Share Award Scheme shall be valid and remain in force for a term of 10 years commencing from the adoption date.

The Committee may, during the period of the Share Award Scheme and at its absolute discretion, make awards to any eligible participant and any number of eligible participants. The eligibility of any eligible participant to an award shall be determined by the Committee from time to time on the basis of his contribution to the growth and development of the Group.

During the year, the Share Award Scheme acquired 20,584,000 shares of the Company (2010: Nil) through purchases on the open market. The total amount paid to acquire the shares during the year was RMB31,718,000 (2010: Nil).

As at 31 December 2011, no executives and employees and directors of the Group has been granted shares under the Share Award Scheme.

22. INVESTMENT PROPERTIES

		2011	2010
		RMB'000	*RMB'000*
Completed investment properties held to earn rentals or for capital appreciation or both	*(a)*	**1,573,000**	1,223,000
Investment properties under construction or development	*(b)*	**78,000**	725,000
Balance at 31 December		**1,651,000**	1,948,000

(a) Completed investment properties held to earn rentals or for capital appreciation or both

	2011	2010
	RMB'000	*RMB'000*
Balance at 1 January	**1,223,000**	1,138,500
Additions	**–**	1,374
Transfer (to)/from completed properties held for sale	**(384,783)**	1,476
Transfer from investment properties under construction or development *(b)*	**728,827**	68,000
Transfer to property, plant and equipment	**(5,865)**	–
Fair value adjustments:		
Recognised in profit or loss	**11,821**	13,650
Balance at 31 December	**1,573,000**	1,223,000

(b) Investment properties under construction or development

	2011	2010
	RMB'000	*RMB'000*
Balance at 1 January	**725,000**	502,000
Additions	**122,492**	75,447
Transfer to investment properties *(a)*	**(728,827)**	(68,000)
Fair value adjustments:		
Recognised in profit or loss	**(40,665)**	215,553
Balance at 31 December	**78,000**	725,000

All the Group's investment properties are stated at fair value at 31 December 2011. The fair values were arrived at based on valuations carried out by DTZ Debenham Tie Leung Limited. The valuations, which conform to the Valuation Standards (First Edition 2005) on Valuation of Properties published by the Hong Kong Institute of Surveyors, have been determined by reference to comparable sales evidence and, where appropriate, by capitalisation of net rental income. The revaluation losses/gains have been debited/credited to profit or loss of the respective year, or, in the case of revaluation gains arising on transfer of an item of property, plant and equipment to investment properties following a change in use, to equity directly.

As at 31 December 2011, investment properties with a total carrying value of RMB745,545,000 (2010: RMB1,160,654,000) were pledged as collateral for the Group's borrowings.

23. INTERESTS IN ASSOCIATES

		2011	2010
	Note	*RMB'000*	*RMB'000*
Shanghai ZhongXin Asset Management Co., Ltd.	*(a)*	**112,975**	110,144
The Peninsula Shanghai Waitan Hotel Company Limited	*(b)*	**1,078,086**	1,149,466
Shanghai Zhaozhi Shiye Co., Ltd.	*(c)*	**3,547**	3,637
		1,194,608	1,263,247

(a) Shanghai ZhongXin Asset Management Co., Ltd. ("Shanghai ZhongXin")

	2011	2010
	RMB'000	*RMB'000*
Cost of investment	**26,933**	26,933
Goodwill on acquisition	**2,794**	2,794
Share of post-acquisition profit	**62,248**	59,417
Loan	**21,000**	21,000
	112,975	110,144

The loan to Shanghai ZhongXin of RMB21,000,000 (2010: RMB21,000,000) represents the Group's proportional share of a shareholders' loan, which is unsecured, interest free and has no fixed terms of repayment.

(b) The Peninsula Shanghai Waitan Hotel Company Limited ("Peninsula Waitan")

	2011	2010
	RMB'000	*RMB'000*
Cost of investment	**880,678**	880,678
Share of post-acquisition profit	**197,408**	268,788
	1,078,086	1,149,466

Peninsula Waitan is 50% owned by the Group, and is engaged in development, operation and management of The Peninsula Shanghai Waitan Hotel.

The share of post-acquisition profit of Peninsula Waitan for the year ended 31 December 2011 was mainly attributable to the revaluation gain on Peninsula Waitan's investment properties.

(c) Shanghai Zhaozhi Shiye Co., Ltd. ("Shanghai Zhaozhi")

	2011	2010
	RMB'000	*RMB'000*
Cost of investment	**3,633**	3,633
Share of post-acquisition (loss)/profit	**(86)**	4
	3,547	3,637

Shanghai Zhaozhi is 36.33% owned by the Group, and is engaged in development of commercial properties.

(d) Summary of financial information relating to the associates, not adjusted for the percentage of ownership held by the Group, is as follows:

31 December 2011

In RMB'000	**Assets**	**Other liabilities**	**Shareholders' loans and equity**	**Revenue**	**Profit/(loss)**
Shanghai ZhongXin	**748,055**	**371,472**	**376,583**	**23,269**	**9,436**
Peninsula Waitan	**5,377,692**	**3,193,662**	**2,184,030**	**377,706**	**(143,586)**
Shanghai Zhaozhi	**82,434**	**72,670**	**9,764**	**–**	**(247)**

31 December 2010

In RMB'000	Assets	Other liabilities	Shareholders' loans and equity	Revenue	Profit
Shanghai ZhongXin	752,487	385,340	367,147	43,736	20,486
Peninsula Waitan	5,251,845	2,924,229	2,327,616	332,887	550,235
Shanghai Zhaozhi	37,851	27,840	10,011	–	11

24. INTERESTS IN A JOINTLY CONTROLLED ENTITY

	2011	2010
	RMB'000	*RMB'000*
Tianyuan Lifeng	**735,135**	738,468
Cost of investment	**758,476**	758,476
Share of post-acquisition losses	**(23,341)**	(20,008)
	735,135	738,468

Tianyuan Lifeng is 50.1% owned by the Group, and is mainly engaged in property development in Haikou, Hainan Province, the PRC.

Summary of financial information relating to the jointly controlled entity, not adjusted for the percentage of ownership held by the Group, is as follows:

31 December 2011

In RMB'000	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Income**	**Expense**
Tianyuan Lifeng	**24,443**	**2,844,167**	**157,419**	**1,243,838**	**44**	**6,697**

31 December 2010

In RMB'000	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Income	Expense
Tianyuan Lifeng	153,469	2,714,698	125,928	1,268,233	64	40,000

BUSINESS REVIEW

Over the past two years, China has implemented a series of measures to curb property speculation. These include raising interest rates and imposing limits on house purchases and prices. Following the introduction of austerity measures in 2010 and early 2011, growth in housing demand were suppressed considerably.

Given the difficult market conditions, the Group adhered to the planned pace for developing properties, adopted flexible marketing strategies to tailor those to specific conditions in respective local markets, products and locations, proactively strengthened the internal controls and persistently explored cost-saving opportunities through the organizational restructuring.

During the year under review, the Group recorded a total revenue of approximately RMB5,677,523,000 (2010:RMB4,271,189,000) with an annual growth rate of more than 33%. Net profit attributable to equity holders of the Company was approximately RMB898,320,000 (2010:RMB890,206,000), up approximately 1% over last year. Basic and diluted earnings per share attributable to equity holders of the Company amounted to RMB0.855 respectively for the year ended 31 December 2011 (2010: RMB0.847 and RMB0.823), which represented an increase of 1.0% and 3.9% respectively.

For 2011, the Group conducted its business activities in the following major business segments: property development, hotel development, property investment and ancillary business. Among all, property development remains the core business and key revenue generator of the Group.

Property Development

The Group achieved satisfactory result in 2011. The total GFA sold and delivered was 429,646 sq.m. (2010: 305,798 sq.m.) while the revenue booked from property sales added up to approximately RMB5,387 million, representing a year-on-year ("YoY") increase of approximately 31% (2010: RMB4,114 million). The growth of revenue was mainly attributable to the projects of Tiffany in Shanghai, Xishuidong in Wuxi, La Casa in Changshu, Global 188 in Suzhou and the Metropolitan in Kunmin.

Item	Approximate area sold and delivered in 2011 *sqm*	Approximate sales recognized in 2011 *RMB'000*	Average selling price *RMB/sqm*
Kunming Metropolitan – Phase I, II & III – apartments	180,046	1,487,943	8,264
Kunming Metropolitan – Phase I & II – shops	1,085	28,318	26,100
Cambridge Waters (Tiffany) and Cambridge Watertown	78,378	1,439,189	18,362
Changshu La Casa – Phase I – townhouse	60,406	716,292	11,858
Changshu La Casa – Phase I – villas	356	7,000	19,663
Wuxi Xishuidong – apartments	54,148	725,429	13,397
Wuxi Xishuidong – commercial	825	23,142	28,051
Suzhou Global 188 – office building	16,590	408,078	24,597
Suzhou Global 188 – apartments	3,963	106,922	26,981
Haikou Florea – Phase I & II	33,161	428,794	12,931
Cambridge Forest Newtown – Phase IV – shops	386	10,200	26,425
Holiday Inn	302	5,819	19,268
Total	429,646	5,387,126	12,539

For the year under review, the Group's contracted sales reached approximately RMB3,207 million (2010: RMB6,390 million) and aggregate contracted GFA amounted to 188,904 sq.m. (2010: 482,173 sq.m.). The average contracted selling price increased from RMB13,252 per sq.m. in 2010 to RMB16,979 per sq.m. in 2011, representing a significant increase of 28%.

During the year under review, the contracted sales from the 2nd-tier cities contributed a major part of the Group's total contracted sales, particularly from Wuxi Xi Shui Dong (24%), Suzhou Global 188 (14%), Changshu La Casa (14%), Kunming Metropolitan (13%) and Haikou Florea (8%), and also from Shanghai projects such as Shanghai Cambridge Waters – Tiffany (13%), Shanghai Cambridge Xiuxi Apartment (11%).

Land Bank Replenishment

In February 2011, the Group successfully acquired a project in Ci Cheng New Town, Ningbo, for a total consideration of approximately RMB1,573 million. The project covers a site area of about 274,192 sq.m. and GFA of 365,987 sq.m., with an average land cost of RMB4,298/sq.m. The project enjoys an excellent location, with the entrance to Hangzhou Bay Bridge linking Shanghai to its southwest, City Express Ring Road to its east, Yubei Expressway to its north and is adjacent to Xiaoyong Railroad.

The Group believes this acquisition plays a strategic role in its expansion into Zhejiang province and helps to establish a more comprehensive coverage of the Yangtze River Delta.

As of 31 December 2011, the Group held a quality land bank of approximately 5.8 million sq.m. or approximately 5.0 million sq.m. on an attributable basis, which is sufficient for at least five years of development.

Issue of Senior Notes

On 1 April 2011, SPG Land successfully priced US$200 million denominated senior notes due 2016 with a coupon rate of 13.5% and an offer price at 98.244% of the principal amount. The issue received overwhelming response from a wide and high quality investor base, with a total subscription of over US$340 million (1.7 times oversubscribed). The proceeds were used for the repayment of certain offshore loans and general corporate purposes. The issue signifies another strategic achievement in our financial management, allowing the Company to diversify its funding sources, accessing longer term capital and improving its debt maturity profile.

Hotel Development

The Group continued to develop its hotel business with a view to develop a diversified business portfolio and generate stable and reliable income. We keep close cooperation with internationally reputable operators such as the Peninsula Group, the InterContinental Hotels Group, Fraser Hospitality and GHM Hotels, etc.

Our first and crown-jewel city-centre integrated project, the Peninsula Shanghai development on the historic Bund, had its hotel and shopping arcade grand opening in March 2010. Up till now, the hotel has achieved numerous awards from hospitality and travel industries.

Our second hotel in Shanghai, the Holiday Inn Kangqiao Shanghai, located strategically within Cambridge Forest Newtown and close to Pudong International Airport and Shanghai Disney's future site, has 400 hotel rooms, food and beverage facilities, conference rooms and clubhouse. This hotel was practically completed in 2010 and announced its grand opening in May 2011.

Fraser Suites Suzhou situated in Global 188 and officially opened in May 2011. With 276 exclusive apartments, Fraser Suites Suzhou occupies one of the two towers of Global 188. In line with the Fraser brand, each apartment is luxuriously appointed and fully equipped with every convenience to support the lifestyle of busy executives and their families. Tenants of the office, leisure and commercial space in the other tower will enjoy a unique synergy having Fraser Suites Suzhou adjacent to them.

The Hidden Tiger Golf Club in Huangshan, Anhui Province, was also put into services on 30 October 2010 and awarded as "Top 10 New Golf Course of China" in September, 2011.

Investment Properties and Ancillary Services

The stability of rental income ensures a sustainable growth of the Group. As of 31 December 2011, the Group leased out an aggregate GFA of approximately 171,159 square meters, revenue of which represented approximately 0.6% of the Group's total revenue during the year under review.

The Group continued to diversify its business portfolio by operating one of the most prestigious kindergartens in Shanghai (The China Welfare Institute Kindergarten), a post-secondary college (Shanghai Sipo Polytechnic) and a training centre (Shanghai Sipo Vocational Technical Training Centre), the revenue of which represented approximately 1.4% of the Group's total revenue as long-term recurring income.

Property Management and Related Services

During the year, the Group's property management and related services income amounted to approximately RMB44,595,000, an increase of 17 % from last year (2010: RMB38,268,000). As in 2011, the Group provided property management services to properties with a total GFA of around 2.24 million square meters.

Hotel and Related Services

With the grand opening of Holiday Inn and Fraser Suites Suzhou in 2011, the Group earned the hotel and related services amounting to approximately RMB81 million in 2011.

Outlook

In 2012, the real estate sector in mainland China will continued to be affected by PRC government's austerity measures and policy risk still remains. In the face of demanding conditions, the Group will persistently develop and deliver quality and versatile products and services to our customers, and maintain a flexible and active strategy to boost sales and strive to achieve the planned annual sales target. The Group will lower its exposure to the hotspot cities, which are the focus of tightening measures and capture the larger development room in the high-growth second-tiers cities with more middle-class people who are pursuing quality lifestyle. In addition, the Group will also optimize land bank portfolio in readiness to provide strong sales pipeline.

In 2012, more of our large-scale developments in second-tier cities such as Wuxi, Changshu and Taiyuan will reach more mature stages in terms of GFA available for sale and GFA to be delivered, together with the better operation of the hotels in Shanghai and Suzhou, the Group is anticipated to experience sustainable business growths in the years to come.

FINANCIAL PERFORMANCE

Revenue

The total revenue of the Group for 2011 increase by approximately 33% over the corresponding period last year, from approximately RMB4,271 million to RMB5,678 million. The Group successfully completed the development and delivered the total GFA delivered reached 429,646 sq.m. (2010: 305,798 sq.m.).

Segmental Information

The Group's business is currently categorized into the operating segments – sales of property, lease of property, property management and other related services, hotel and related services and education. An analysis of the Group's revenue is as follows:

Year ended 31 December

	2011	**2010**	**Change**
	RMB'000	*RMB'000*	*RMB'000*
Sales of property	5,387,126	4,113,664	1,273,462
Sales of parking lot	30,336	–	30,336
Rental income	36,430	29,069	7,361
Property management income & other related service	65,430	51,227	14,203
Hotel and related services	80,858	–	80,858
Education	77,343	77,229	114
Total	5,677,523	4,271,189	1,406,334

Cost of sales

Cost of sales increased by 24% from RMB3,004 million to RMB3,739 million. The cost of sales mainly comprised land costs, construction costs, capitalized finance costs and sales tax.

Gross profit and margin

Gross profit increased by 53% from RMB1,267 million in 2010 to RMB1,939 million in 2011, while gross profit margin increased from about 30% for 2010 to 34% for 2011, which was contributed by the projects with higher gross profit margin as Shanghai Cambridge Waters – Tiffany, Haikou Florea and Changshu La Casa.

Other income

In 2011, Global City Development Limited as the vendor and the Group as the purchaser mutually agreed not to proceed with the completion of acquiring the target company in Ningbo upon arm's length discussion and negotiation, hence, the Group received RMB160 million as compensation and reimbursement of pre-development cost for the project.

Operating expenses

Administrative expenses increased to RMB369 million in 2011 from RMB260 million in 2010 mainly due to the increase in staff costs, recruiting expenses and travelling expenditure. Selling and marketing costs experienced a decrease of 30% as the Group controlled sales expenses by adopting effective and efficient sales measures under the current economic circumstances.

Other operating expenses mainly represented the loss of selling one batch of shops of Kunming the Metropolitan project. These shops were originally intended for leasing but finally were sold in 2011. As the customer purchased the batch in large number, the Group provided a special offer which was lower than the latest revalued amount on 31 December 2010. Therefore, a loss was recognized.

Net Finance Expenses

The net finance expenses for 2011 was approximately RMB54 million in 2011 compared to net finance income of approximately RMB26 million in 2010, which was mainly because of the fair value change on financial derivatives in 2011.

Share of Profit/ (Loss) of Associates

The Group recorded a loss from share of operating results of associates in 2011 amounting to RMB69 million as compared to a gain of RMB282 million in last year. As in 2010, Peninsula Hotel recognized a large amount of valuation gain, however, there was no such gain in 2011.

Revaluation Gains on Investment Properties

The Group recorded a revaluation loss of approximately RMB29 million in 2011, which was mainly due to the area on the property certificate of one project was less than the estimated area in the prior year.

Income Tax

Income tax decreased by 21% from RMB618 million in 2010 to RMB487 million in 2011, with effective tax rate at 23%, and the decrease of income tax was mainly attributable to no deferred income tax was charged for revaluation gain on investment properties in 2011.

Profit Attributable to Equity Holders of the Company

The Group achieved profit attributable to equity holders of RMB898 million (2010: RMB890 million) during the year under review, increased by 1%, which was mainly due to there was no valuation gain on investment properties in 2011. At the same time, the operating results before revaluation gains on investment properties and tax increased by 8% from RMB1,291 million in 2010 to RMB1,399 million in 2011.

Financial Position

Equity attributable to equity holders of the Company reached RMB5,225 million as at 31 December 2011 (31 December 2010: RMB4,419 million). Total assets amounted to RMB23,838 million (31 December 2010: RMB21,844 million) and total liabilities stood at RMB18,532 million (31 December 2010: RMB17,317 million).

Liquidity and Financial Resources

The Group's business operations, bank borrowings and cash proceeds raised have been the primary income of the Group, which have been applied in business operations and investment in development projects.

Net gearing (total borrowings less cash and cash equivalents including restricted cash over total equity) was 85% as at 31 December 2011. The Group had total cash and cash equivalents (including restricted cash) of RMB2,952 million, total borrowings of RMB7,484 million and a stronger equity base of RMB5,306 million as at 31 December 2011 (31 December 2010: RMB4,527 million).

Treasury Policy

The business transactions of the Group were mainly denominated in Renminbi. Except for fund raising transactions in capital market, there is limited exposure in foreign exchange risk.

The Group has established a treasury policy with the objective of better controlling of treasury functions and lowering costs of funds. In providing funds to all its operations, funding terms have been centrally reviewed and monitored at Group level.

In accomplishing the aim of minimizing interest risk, the policy of the Group is to continue to closely monitor and manage the Group's loan portfolio by its existing agreements' interest margin spread with market interest rates and offers from banks.

Credit Policy

Trade receivables mainly arose from sale and lease of properties. Receivables in respect of sale and lease of properties are settled in accordance with the terms stipulated in the sale and purchase agreements or lease agreements.

Pledge of Assets

As at 31 December 2011, the Group pledged properties, land use rights and time deposits with a carrying amount of RMB8,576 million to secure bank facilities granted to the Group. The total secured loan balance outstanding as at 31 December 2011 amounted to RMB6,052 million.

Financial Guarantees

As at 31 December 2011, the Group provided guarantees to banks for:

	As at 31 December 2011 *RMB'000*	As at 31 December 2010 *RMB'000*
Mortgage facilities granted to purchasers of property units	**1,173,608**	819,865

Capital Commitment

	2011 *RMB'000*	2010 *RMB'000*
Property development activities:		
– Contracted but not provided for	**3,445,465**	3,094,452
– Authorized but not contracted for	**2,174,828**	3,122,908
Total of property development	**5,620,293**	6,217,360
Joint venture interests	**50,000**	–
Total	**5,670,293**	6,217,360

Human Resources

As of 31 December 2011, the Group had a total of 1,514 employees (2010: 1,290 employees). The Group remunerates its employees based on their performance, experience and the prevailing market wage level. In addition, performance bonuses are granted on a discretionary basis. Share award scheme was adopted to attract and retain talents to contribute to the Group. In order to improve the service and performance, the Group provided various types of programs for staff training.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2011, except for code provision A.4.2 as discussed below.

Code A.4.2 stipulates that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.

Pursuant to the Company's Articles of Association, any person appointed as a Director by the Board shall stand for re-election at the next following annual general meeting of the Company. Such arrangement is considered appropriate in light of the requirement of paragraph 4(2) of Appendix 3 to the Listing Rules which requires that any person appointed by the Directors to fill a casual vacancy shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Friday, 1 June 2012. A notice convening the annual general meeting will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

The register of members of the Company will be closed from Wednesday, 30 May 2012 to Friday, 1 June 2012 (both days inclusive) during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the annual general meeting to be held on Friday, 1 June 2012, all transfer documents accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 29 May 2012.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2011, except that the trustee of the Share Award Scheme, pursuant to the terms of the trust deed of the Share Award Scheme, purchased on The Stock Exchange of Hong Kong Limited a total of 20,584,000 shares of the Company at a total consideration of HK$37,420,161.92.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2011.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the four independent non-executive Directors of the Company.

The audit committee has reviewed the annual results for the year ended 31 December 2011 with the management of the Company.

DIRECTORS

As at the date of this announcement, the executive Directors of the Company are Mr. Wang Weixian, Ms. Wang Xuling and Mr. Cheung Man Hoi, Ronny; the non-executive Director is Mr. Tse Sai Tung, Stones; and the independent non-executive Directors are Mr. Cheong Ying Chew, Henry, Mr. Fong Wo, Felix, JP, Mr. Jiang Simon X. and Mr. Kwan Kai Cheong.

By order of the Board
SPG Land (Holdings) Limited
WANG WEIXIAN
Chairman

Hong Kong, 23 March 2011