NEW TOWN

China New Town Development Company Limited
中國新城鎮發展有限公司

Hong Kong Stock Code: 1278
Singapore Stock Code: D4N.si

穩中求進

積極推進城鎮化建設

Annual Report 2011

Corporate Profile

China New Town Development Company Limited (the "Company") was incorporated in the British Virgin Islands in January 2006 and our first project located in Shanghai was incepted in 2002 by Shanghai Golden Luodian Development Company Limited. The Company has been listed on the Singapore Exchange Securities Trading Limited since 14 November 2007 and dual listed on The Stock Exchange of Hong Kong Limited on 22 October 2010. The Company became the subsidiary of SRE Group Limited (1207.hk) in 2009.

We have a distinctive business model that, through joint venture partnership with local government entities, we turn bare land into valuable land resources and receive a significant portion of land sale proceeds from the relevant PRC land authorities once the land plots are sold to third party property developers through public auction, tender or listing. In the new town development process, we have exclusive development and management rights and are not only responsible for master town planning, land preparation, infrastructure construction, but also nurturing long term town value through building high quality facilities and introducing premium brands and leading real estate developers. We currently have three new town projects, located in Shanghai, Wuxi and Shenyang respectively, with total site area of approximately 36 sq.km.

Goal

Our Goal is to be the best new town developer in China achieving long-term sustainable growth whilst we continue to strive for short to medium term profitability in order to deliver the greatest value to our shareholders.

Mission

Our Mission is to build a conscience corporation embracing the value of social ethics, environment and people.

Contents

Our Business & Cycle

Our Business

We focus on planning and developing large-scale new town projects in the suburbs of some of PRC's largest cities, with each current project covering site area of at least six million sq.m. We are currently engaged in three new town projects located in Shanghai, Wuxi and Shenyang. New town projects are typically initiated by local governments who set forth general parameters such as location and size and invite potential new town developers to conduct feasibility studies and produce a master plan for their review. Upon securing a mandate, we will develop the project through a majority-owned joint venture project company that we form with affiliates of the local government. As a project manager, we are involved in every site, obtaining project financing, preparing and clearing the land, relocating and resettling incumbent residents and businesses at our cost, setting up the new town infrastructure and public facilities, and building commercial properties. Each new town project cycle is estimated between 15 and 20 years.

We do not normally acquire land use rights to the land underlying our new town projects, except for land on which we intend to develop real estate properties. The local governments generally retain title to the land and sell the land plots by way of public auction, tender or listing to real estate property developers. We have been receiving a portion of the proceeds from the sale of land use rights, the amount of which is authorized and approved by the relevant governmental authority. Such sale proceeds account for the major part of our revenue.

Apart from land sales, we also develop, manage and operate commercial properties such as hotels and convention centers and also enter into agreements with the local governments to build, manage and operate public amenities, such as schools and hospitals. Through this we are committed to enhancing the long term value of our new town projects.

In addition, we also strategically participate in selective real estate development projects. We believe this well complements our core new town development business model and helps diversify and smoothen our revenue stream. We currently engage in developing the Lake Malaren Silicon Valley project, a low-density commercial headquarters villas located in Shanghai Luodian with luxury view of two 18-holes PGA standard golf courses. We also develop the Lake Malaren UHO project in Shanghai Luodian, the Jiangnan Richgate II in the Wuxi Hongshan New Town, as well as Chengdu Albany Oasis Garden in Pi County of Chengdu.

Our Business Cycle

Bare Land

Site selection & master planning, relocation and resettlement of residents

▼

Land Preparation

Formation of infrastructure and public amenities development

▼

Developed Land Parcels

Ready for sale through public auction, tender or listing

Project List


Shenyang New Town
Wuxi New Town
Chengdu Project
Shanghai New Town
CNTD Headquarter Hong Kong

LAND DEVELOPMENT PROJECTS

Shanghai Luodian New Town

- Total site area of 6.80 sq. km.
- Located at Baoshan District, connected to downtown Shanghai by metroline #7 (with two stops at Luodian), around 30 minutes ride to downtown Shanghai
- Selected as permanent site to co-host the China International Urbanization Forum with the National Development and Reform Commission of the PRC
- Also features a 5-star Crowne Plaza Hotel, two 18-holes PGA standard golf courses (the site of Lake Malaren Shanghai Masters Tournament), an European style retail street with over 72,000 sq.m. of rental space, an international convention centre, and Lake Malaren Maternity Hospital (provisional name)
- Substantially completed (96% completion)
- Approximately 825,192 sq.m. of remaining land available for sale representing 35% of total, available for sale up to year 2015

Wuxi Hongshan New Town

- Total site area of 8.68 sq. km.
- Located in Wuxi New District and adjacent to the high-tech industrial park (over 70 of Fortune 500 businesses operating there), close proximity to the Wuxi city centre and Wuxi Airport
- Features a five-star hot spring hotel, Retail Street and the Wuxi branch of Shanghai Ruijin Hospital.
- Approximately 62% completed of development
- Approximately 3.17 million sq.m. of remaining land inventory available for sale representing 83% of total, available for sale up to year 2020

Shenyang Lixiang New Town

- Site area of 20.55 sq. km.
- Located at Dongling District, close proximity to Shenyang city centre and adjacent to Shenyang Taoxian International Airport
- In the Dahunnan area where is planned to be transformed into "New Centre, New Landmark, new hub and new energy" under the Government's strategic plan; host of the 2013 National Games
- Approximately 45% completed of development
- Approximately 11.84 million sq.m. of remaining land inventory available for sale representing 96% of total, available for sale up to year 2038

LIST OF COMMERCIAL PROPERTIES CURRENTLY UNDER CNTD'S DEVELOPMENT AND/OR MANAGEMENT

Luodian

- Crowne Plaza Hotel
- Lake Malaren Golf Course, two 18-holes PGA standard golf courses
- International Convention Centre
- European-styled retail street
- Shanghai shopping mall
- Lake Malaren Maternity Hospital

Wuxi

- A five-star hot spring hotel
- Retail Street in Wuxi Project
- Wuxi branch of Shanghai Ruijin Hospital

Note: CNTD's holding interests in Luodian, Wuxi and Shenyang joint-venture companies are respectively 72.73%, 90% and 90%.

REAL ESTATE DEVELOPMENT PROJECTS

Lake Malaren UHO Project

Type:	Commercial
Location:	Within Luodian New Town, adjacent to the Metroline #7, Lake Malaren Station
Site area:	11,228 sq.m.
Total GFA:	39,317 sq.m.
Descriptions:	Located right on the top of the Luodian metro Transportation Hub, the Lake Malaren UHO Project is to be developed into commercial use property. It benefits from convenient location, at the junction where the metroline #7 connects the new town with downtown Shanghai, as well as a shopping mall.
Expected timing:	Pre-sale started in 2011, delivery by the end of 2012

Lake Malaren Silicon Valley project

Type:	Commercial
Location:	Adjacent to the Crowne Plaza Lake Malaren Hotel and Lake Malaren Golf Course (two 18-holes PGA standard golf courses to co-host an international golf tournament with the IMG Group ("IMG") in 2011-2015)
Site area:	242,500 sq.m.
Total GFA:	97,000 sq.m.
Descriptions:	To be developed into low-density commercial office units and sold for use as corporate headquarters, enjoying full view of the Lake Malaren Golf Courses. The Project will have approximately 240 units, with a standard unit ranging from 360 sq.m. to 460 sq.m.
Expected timing:	Pre-sale to start in 2011, delivery through 2012-2015

Jiangnan Richgate II (formerly known as Wuxi Hongqing Project)

Type:	Residential
Location:	Within Wuxi Hongshan New Town of CNTD
Site area:	69,212 sq.m.
Total GFA:	83,055 sq.m.
Descriptions:	To be developed into residential property.
Expected timing:	Pre-sale started in 2012, delivery through 2013-2014

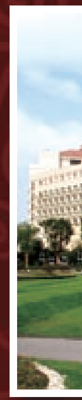
Chengdu Albany Oasis Garden (formerly known as Chengdu project in Pi county)[1]

Type:	Residential
Location:	Sanguan Village, Hongguang Town in the Pi county of Chengdu
Site area:	90,982 sq.m.
Total GFA:	215,202 sq.m.
Descriptions:	Located in one of the six major city ancillary blocks of Chengdu with good location, convenient transportations and excellent development prospects, this project represents the first ever CNTD real estate project outside its own new towns.
Expected timing:	Pre-sale started in 2011, completion in 2013

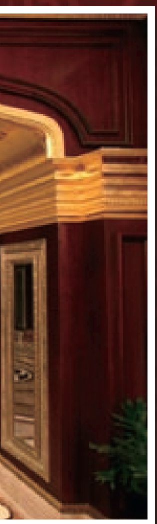
Note 1: CNTD has 72.73% effective interest in the project.

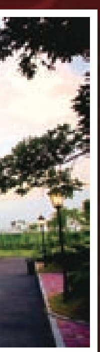
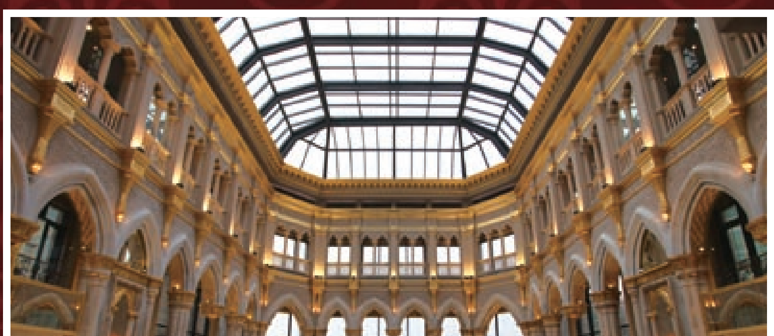
Advocate of:

Low Carbon, Ecological Environmental and Urbanisation







Our Strengths & Strategies

Our competitive strengths:

- Strong reputation and proven track record as a quality and pioneering new town developer in PRC
- Distinctive business model
- Close and successful cooperation with local governments
- Substantial saleable land with high potential for value appreciation
- Proactive marketing and promotion through well-established platforms, for example, the annual China International Urbanization Forum with the National Development and Reform Commission of the PRC
- Experienced management team

Our business strategies:

- Emphasize on world class standards of new town planning and design, and adhere to international best practice
- Focus on improving profitability through prudent cost control
- Selectively develop real estate projects focusing on within our new towns, to complement new town development business model through diversifying and smoothening our revenue stream
- Leverage our expertise and track record to replicate the success of our new town business model and to grow our business

Corporate Information

BOARD OF DIRECTORS

Executives

Mr Shi Jian	*(Chairman)*
Mr Li Yao Min	*(Co-Chairman, Chief Executive Officer)*
Mr Yue Wai Leung Stan	*(Vice Chairman)*
Mr Shi Janson Bing	*(Co-Chief Executive Officer)*
Ms Song Yiqing	*(Chief Financial Officer)*
Ms Gu Biya	*(Chief Operating Officer)*
Mr Mao Yiping	*(Executive Director)*
Mr Yang Yonggang	*(Executive Director)*
Mr Qian Yifeng	*(Executive Director)*

Non-Executives

Mr Henry Tan Song Kok	*(Lead Independent Director)*
Mr Loh Weng Whye	*(Independent Director)*
Mr Lam Bing Lun Philip	*(Independent Director)*
Mr Kong Siu Chee	*(Independent Director)*
Mr Zhang Hao	*(Independent Director)*

AUDIT COMMITTEE

Mr Henry Tan Song Kok *(Chairman)*
Mr Lam Bing Lun Philip
Mr Loh Weng Whye

NOMINATING COMMITTEE

Mr Loh Weng Whye *(Chairman)*
Mr Lam Bing Lun Philip
Mr Kong Siu Chee

REMUNERATION COMMITTEE

Mr Kong Siu Chee *(Chairman)*
Mr Loh Weng Whye
Mr Lam Bing Lun Philip
Mr Henry Tan Song Kok

INVESTMENT COMMITTEE

Mr Lam Bing Lun Philip *(Chairman)*
Mr Kong Siu Chee
Mr Henry Tan Song Kok
Mr Loh Weng Whye

COMPANY SECRETARIES

Ms Low Siew Tian
Ms Kwok Yu Ching

BUSINESS ADDRESS

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BVI PRINCIPAL SHARE REGISTRAR

Tricor Services (BVI) Limited
P.O. Box 3340, Road Town
Tortola, British Virgin Islands

SINGAPORE SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00, Singapore 068898

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
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28 Queen's Road East, Wanchai, Hong Kong

LEGAL ADVISOR

WongPartnership LLP
Woo, Kwan, Lee & Lo
Jingtian & Gongcheng

AUDITOR

Ernst & Young
22/F, CITIC Tower, 1 Tim Mei Avenue, Central,
Hong Kong SAR
Partner-in-Charge: Mr Terence Ho Siu Fung
Date of Appointment: 20 November 2007

COMPLIANCE ADVISOR

Shenyin Wanguo Capital (H.K.) Limited
28th, Citibank Tower, Citibank Plaza
3 Garden Road, Central, Hong Kong

STOCK EXCHANGE LISTED

ISIN Code: VGG2156N1006

Singapore Exchange Securities Trading Limited
Stock Name: ChinaNTown
Stock Code: D4n.si

The Stock Exchange of Hong Kong Limited
Stock Name: ChinaNewTown
Stock Code: 1278

PRINCIPAL BANKERS

CITIC Bank International Limited
The Agricultural Bank of China
United Overseas Bank Limited

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors, I would like to present the annual report for the results of China New Town Development Company Limited ("CNTD") for the year ended 31 December 2011 to you.

2011 marked the second year that the Chinese Government carried out its macroeconomic curbing policy mainly targeting the real estate industry. Both the severity of its curbing policies and its determination to implement them were unprecedented. Policies such as purchase restrictions, credit controls, price restrictions, raising down payment ratio for second home purchasing and the imposition of property tax were introduced one after another. Simultaneously, a broad range of traditional financing options for property developers were considerably tightened, putting significant pressure on the working capital of property developers. The Central Government has been reiterating its determination to curb the real estate industry until property prices fall back to affordable levels for the general public, and adopted the principle of "firmly maintaining strict curbing over the real estate sector" for its 2012 policy outlook.

Due to such severe curbing policies, the PRC real estate sector went through a year of extreme hardship in 2011. Real estate projects across China experienced sharp slow-down in sales, while prices headed downward after a long period of stagnation. Even worse, the price-cut promotion campaigns initiated by some major property developers further weakened buyer and investor confidence and therefore reinforcing the downward momentum, thereby creating a vicious spiral.

The Company, mainly engaged in the primary real estate sector specializing in the land market, inevitably suffered negative impacts in this policy environment. In 2011, dramatic slowdown in property sales and large stockpile of properties inventory put property developers under liquidity pressure, thus resulting in a sluggish land auction market across the country. Statistics show that total land auction pace in China recorded a substantial year-on-year decrease in 2011. In the first half of the year, the Central Government slowed down the release of land sale quota which led to a slowdown in land auctions. In the second half of the year, an accelerated land auction pace failed to draw interests from property developers due to weak secondary real estate market. In terms of land price, it has become a market norm that lands were sold at auction reserve price, and auction failures due to insufficient interest were also often seen. We believe the primary land market will trend towards more rational and consumer demand driven under existing policies.

Looking ahead into 2012, we clearly realize that the real estate sectors in China still face many tough challenges amid policy uncertainties and as the industry cycle evolves. First of all, the Central Government will stay committed to curbing the real estate sector and its stringent policies will most likely last for some time. Secondly, facing the tightness in liquidity shortage and substantial stockpile, property developers will act more prudently when they consider acquiring new land inventory. In the meantime, active mergers and acquisitions at the secondary real estate sector will undercut property developers' enthusiasm in seeking land resources in the primary market.

However, we gladly noticed that official data from the State Statistics Bureau shows the urbanization rate in China has steadily climbed to 51.3%. As we can see, China's urbanization has not slowed down at all despite a difficult environment in the real estate market. According to the 12th Five-year Plan, China's urbanization rate will grow at over 1% per year. In the long run, the migration of people from rural areas to urban areas will bring enormous autonomous demand to the real estate market (both the primary market and the secondary market) in the peripheral areas of first-tier cities or in the second to third-tier cities where the housing prices are moderate and more affordable. Secondly, under current international and domestic economic situations, urbanization will be a major driver in boosting domestic demands, and its importance will grow with time. We strongly believe that CNTD's new town projects are seamlessly in line with the country's major economic development trend and consistent with the national policies. We also believe the significant amount of quality land bank held by us will withstand the test of the industry cycle and will prove its value in the country's urbanization trend.

Opportunities always co-exist with challenges. CNTD possesses several advantages brought by its unique business model. Firstly, compared with property developers in the secondary market, we have no time limits for short-term projects, enabling us to have a better control over cash flows. Secondly, all our project companies are joint ventures established between the Company and local governments, and their establishments are coherent with the development trends of the country and the policies of local governments. Thirdly, land is a scarce resource which is not renewable and we have a significant amount of quality land bank as well as ten years of experience in jointly developing new town projects with local governments. Fourthly, in the process of new town development, we have bolstered many emerging industries such as sports, health care, hotels, tourism and culture, which will not only enhance the land value in the newly-developed towns, but also become a growth driver of the Group in the foreseeable future. Our strategies for the year 2012 include: to achieve steady progress in each of our new town projects, and on the premise of maintaining stringent control over costs and cash flows; to put more efforts in improving the quality of our products and building our brand image so as to make adequate preparation to meet opportunities as they duly arrive after the cold winter of the real estate industry; and, by taking advantage of the secular downturn of the real estate sector, to identify and participate in investment opportunities demonstrating great strategic value and good return potential.

Finally, I, on behalf of the board of directors, would like to take this opportunity to express my sincere gratitude to all shareholders, investors, bankers and related government departments for their concern and support to CNTD in the past year. At the same time, I would also like to extend my appreciation to the management and all staff members of CNTD for their devotion and hard work. Despite various difficulties ahead, we will stay focused and strive hard, as we always do, to create long-term values for our shareholders.

Shi Jian
Chairman

8 March 2012

CEO Statement

Dear Shareholders,

In 2011, China New Town Development Company Limited (hereafter referred to as "CNTD" or the "Company") experienced unprecedented difficulties in the real estate industry in China, and therefore saw its operating results badly affected. For the financial year ended 31 December 2011, the revenue of CNTD decreased year-on-year by 56.72% to RMB640 million, while net results turned from profit to loss, with loss attributable to shareholders amounting to RMB200 million. As mentioned in the Chairman's Statement, with real estate sector being suppressed by the stringent macro-curbing measures, CNTD's primary land development business would inevitably be dragged by the weak secondary real estate market in a short term. However, rapid urbanization in China and long-term robust demand for quality land resources at good strategic locations form the pillar of our belief that we will recover from this trough and seize opportunities after the cold winter of real estate industry. On the backdrop of such challenging business environment, our core strategy and execution in 2011 were mainly centered around promoting the development of our projects and comprehensively nurture the land value to enhance the long term value appreciation while maintaining stringent control over our costs and cash flow. Under these principles remarkable progress was achieved in our projects.

LUODIAN

For Luodian Project, land sale remained the top priority among our tasks. In January 2011, the land parcel (Lot No. A1-3) from Luodian Project was smoothly sold by way of public auction and was acquired by Sino-Ocean Land at a bidding price of RMB538 million, equivalent to an average of RMB6,038 per square metre in terms of gross floor area. Subsequently, a series of macro-curbing measures cool the real estate sector swept across the market and policies on land transfer were also adjusted, which caused numerous difficulties for us in materializing the land sale quota. After persistent efforts, we finally managed to realize the quota of selling two land parcels with Lot No. E4-1 and F1-3. Unfortunately, due to the weak secondary real estate market and insufficient interest from buyers, it has been decided the land auction process would be postponed for a better timing in this coming year.

Despite land sale from Luodian Project experienced a year-on-year decline, breakthrough was achieved on popularity and brand building side, which laid a solid foundation for our future land sales. For example, more than 600 guests from different Chinese provinces and cities visited Luodian this year to participate in the "China International Urbanization Forum" annually organized by the National Development and Reform Commission of the PRC, which greatly enhanced the recognition and influence of Luodian New Town. Mr. Chen Xiwen, Deputy Head in Central Rural Affairs and Director of the Office thereof, and other key leaders, scholars and entrepreneurs attended the forum to share their experience and explore ideas on accelerating China's urbanization development. In addition, in late October, Lake Malaren Golf Club (located in Luodian) celebrated the grand event of Lake Malaren Shanghai Masters which is a major event in the international golf community. More than 30 world's top golf players participated in this tournament, attracting an audience size of 50,000. This competition was also highly recognized and endorsed by the National Sports Bureau of China and governments at all levels. Once again, the "Lake Malaren" brand name was well promoted in Shanghai and even in the world. Moreover, we have devoted our efforts to the improvement of ancillary facilities in Luodian during this year. Subsequent to the opening of the Metro Line #7 at the end of last year, the Luodian Transportation Hub was completed, and Century Lianhua outlet and the food court inside the Hub also fully commenced their operations. Meanwhile, the preparatory work of Shanghai Lake Malaren Maternity Hospital, a joint project between us and China Welfare Institute International Peace Maternity and Child Health Hospital also made smooth progress. Better ancillary facilities in Luodian not only brought great convenience to residents in the neighborhoods, but would also provide plenty of momentum for the continued appreciation of land value in the future.

WUXI

In 2011, CNTD did not record any land sale in our Wuxi Project. However, the project still progressed well in respect of project development. By the end of the year, 67% of the relocation work of the Wuxi Project, the cost of which represents a substantial part of the development cost of the project, had been completed. In the long term, it is critical for us to complete the relocation work as soon as practicable so as to strictly contain the development cost of the whole project. In addition, the Company successfully entered into a framework agreement with Shanghai Ruijin Hospital, a first grade hospital in the PRC, for the joint venture development of the Wuxi branch of Shanghai Ruijin Hospital during the year. Wuxi New District Xinrui Hospital Management Company Limited, a joint venture company specifically formed for this development, has been established. At a time when affluent families and the society's awareness of quality healthcare are growing in China, there exists a great demand for quality healthcare service in new towns and their neighborhood. We strongly believe that, with the introduction of a top-brand domestic hospital, the

land value of this project will be enhanced in the long term. The ancillary facilities of the Wuxi project would include a high-end hot spring hotel as a major attraction, and supplemented by an artificial lake, the designs of which were passed during the year and construction will commence in 2012. We are pleased that, our Wuxi Hongshan New Cultural Town was awarded the "Most Beautiful New Town of China" by the China Real Estate Association and China Academy of Real Estate on 2 December after an on-site visit and professional assessment. This is indeed a high recognition of our Wuxi Hongshan New Cultural Town development project.

SHENYANG

The development of our Shenyang Project continues in an orderly manner. Strategically, we proceed with the development of the project on the basis of self-sufficiency in terms of funds, and we strive to prepare ourselves to grasp the business opportunities arising in the local real estate market coincident with the 2013 National Games of China to be held in Shenyang. The Shenyang Project did not record any land sale in 2011.

REAL ESTATE DEVELOPMENT PROJECTS

In addition to carrying out first grade land development projects, we are also committed to actively promoting its development of various secondary real estate projects, so as to realize our strategy of accelerating capital return. Among the secondary real estate projects, Chengdu Albany Oasis Garden and Lake Malaren UHO Project located at the Luodian Transportation Hub have both entered into the pre-sale stage and begun to contribute to the Group's cash flow and these projects are expected to be completed and consolidated into the accounts in the coming year. In addition, the headquarter project of Lake Malaren Silicon Valley project, a landmark secondary project in Luodian, finally completed the first phase of construction and the decoration of model units before the commencement of the Lake Malaren Shanghai Masters. Thus the pre-sale of units was held in time alongside with the golf tournament. These units are expected to be completed with revenue booked in the second half of the coming year, and will bring the Group cash flow and form a new source of income stream in the next few years.

CONCLUSION

Looking ahead to 2012, the overall PRC real estate sector still faces a lot of challenges. Under these circumstances, it is very important for CNTD to strictly control its costs and cash flow so as to be well positioned to deal with the uncertainties in the short term. We will continue to implement the Group's strategies in the coming year, stay firmly aligned with the national policies on and the overall trend of urbanization and boosting domestic consumption growth, as well as remain fully committed to raising the land value of our new town projects. We would like to sincerely express our gratitude to all shareholders for their firm support over the past year, and we will make our best efforts to recover from the downturn in the coming year.

Li Yao Min
Chief Executive Officer

Shi Janson Bing
Co-Chief Executive Officer

8 March 2012

Five-Year Financial Summary

A summary of the consolidated results and assets and liabilities of the Company and its subsidiaries (the "Group") of the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out below.

	Year ended 31 December				
RMB'000	**2011**	**2010**	**2009**	**2008**	**2007**
Revenue	**640,532**	1,479,889	1,087,355	564,096	363,194
Cost of sales	**(303,665)**	(567,278)	(435,048)	(369,101)	(203,061)
Gross profit	**336,867**	912,611	652,307	194,995	160,133
Other income	**26,355**	13,130	8,419	16,159	72,919
Selling and distribution costs	**(161,369)**	(65,223)	(119,669)	(35,891)	(37,752)
Administrative expenses	**(136,055)**	(178,224)	(133,523)	(165,911)	(106,455)
Other expenses	**(222,544)**	(44,544)	(1,720)	(36,162)	(45,567)
(Loss)/gain on the repurchase of Senior Notes	**–**	(4,177)	24,744	–	–
Loss on convertible bonds other than interest cost, net	**–**	–	–	(287,826)	(79,445)
Impairment loss of property, plant and equipment	**–**	–	(8,810)	(136,773)	–
Fair value (loss)/gain on completed investment properties	**(24,107)**	16,168	(14,163)	(488,160)	38,948
Fair value (loss)/gain on investment properties under construction	**(9,264)**	(1,723)	39,036	–	–
Operating (loss)/profit	**(190,117)**	648,018	446,621	(939,569)	2,781
Finance costs	**(48,648)**	(97,861)	(104,352)	(193,696)	(293,564)
Share of losses from jointly-controlled entities	**(891)**	–	–	–	–
(Loss)/profit before tax	**(239,656)**	550,157	342,269	(1,133,265)	(290,783)
Income tax	**6,476**	(188,575)	(98,809)	145,915	18,772
(Loss)/profit for the year	**(233,180)**	361,582	243,460	(987,350)	(272,011)
Non-controlling interests	**(32,453)**	(114,788)	(76,830)	141,807	(15,342)
(Loss)/profit attributable to owners of the parent	**(200,727)**	246,794	166,630	(845,543)	(287,353)
Assets and liabilities					
Total assets	**10,616,030**	8,931,850	8,620,425	6,400,122	7,624,218
Total liabilities	**(7,590,384)**	(5,634,324)	(5,811,268)	(4,324,087)	(4,953,507)
Total equity	**3,025,646**	3,297,526	2,809,157	2,076,035	2,670,711
Equity attributable to owners of the parent	**2,488,571**	2,746,007	2,372,926	1,716,934	2,169,803
Non-controlling interests	**537,075**	551,519	436,231	359,101	500,908
Total Equity	**3,025,646**	3,297,526	2,809,157	2,076,035	2,670,711

Operating Results

Our operating results are primarily driven by the frequency and the achieved selling prices of public auction of land use rights. The frequency and selling price of the public auction are not totally within the control of the Group. During the financial year, due to lack of sale of land use rights, revenue and operating profit of the Group have decreased 57% and 129% respectively compared with 2010.

On 21 January 2011, we handed over the land parcel A1-3 from our Luodian Project for public auction. The land parcel was sold at RMB538 million, which is equivalent to approximately an average of RMB6,038 per square metre in terms of gross floor area.

The details of the contracted prices of land sale are summarized as follows:

Project	**Site area** (sqm.)	**Plot ratio**	**Month**	**Gross floor area** (sqm.)	**Contract price** (RMB' mil)	**Average price by gross floor area** (RMB per sqm.)
Luodian, Shanghai	35,642	2.5	January	89,105	538	6,038

On the cost side, the unit cost for land development in Shanghai, Wuxi and Shenyang projects (allocated based on budgeted cost of services over relevant area) of 2011 was kept unchanged compared with 2010.

Due to the renovation for hosting international golf tournaments with IMG (IMG Sports Development (Shanghai) Limited, a sports, entertainment and media company), the hotel operations recorded revenue of RMB44 million during the financial year compared with RMB52 million in 2010. The renovation was completed in the fourth quarter of 2011.

The operating result of golf courses was in line with last year.

Other income which are mainly derived from foreign exchange gain of RMB8 million and interest income of RMB18 million compared with interest income of RMB10 million in 2010. The increase primarily resulted from increased amount of USD cash at bank and higher interest rate.

Operating expense

Selling and distribution costs

During the financial year, selling and distribution costs increased by RMB96 million compared with 2010 mainly due to the expense of approximately RMB100 million of hosting the international golf tournament in 2011.

Administrative expenses

Administrative expenses incurred during the financial year decreased by RMB42 million compared with 2010, mainly due to the listing fee of RMB32 million incurred in 2010, while no such expense incurred in 2011.

Other expenses

The bad debt provision against other receivables amounting to RMB18,510 thousand has been reclassified from administrative expenses for the year ended 31 December 2010. In the opinion of the Group, the reclassification results in a more appropriate presentation of the Group's operating results.

Non-operating activities

During the financial year, the Company recorded fair value loss on completed investment properties of RMB24 million and investment properties under construction of RMB9 million, which were mainly attributable to the Shanghai retail street, Shanghai transportation centre commercial part and Wuxi retail street Phase I & II.

Finance cost

During the financial year, we have recorded total net finance costs of RMB49 million, which comprised of RMB164 million interest expenses, partially offset by interests capitalized of RMB115 million. This compares with net finance costs of RMB98 million for 2010. The decrease was mainly due to an increased level of capitalized interest expense as a result of progress in the construction of secondary property development.

Taxation

The Company recorded the income tax benefit of RMB6 million during the financial year as a result of loss before tax of RMB240 million.

Liquidity and Financial Resource

Cash and bank balance has decreased RMB844 million over the year with a balance of RMB537 million as at the end of 2011, which is mainly attributable to a decrease of RMB932 million from operating activities and a decrease of RMB733 million from investing activities offset by an increase of RMB845 million from finance activities.

At the end of the financial period, the Group's gearing ratio is approximately 46% (2010: 19%), calculated on the basis of Group's net debt over total equity. Further details regarding interest-bearing bank borrowings are set out in Note 23 of the financial statement.

Employees

As at 31 December 2011, there were 1,175 (2010: 1,182) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

Charges on Assets

As at 31 December 2011, bank borrowings of RMB2,509 million (2010: RMB2,169 million) were pledged by the Group's certain properties, completed investment properties and investment properties under construction, properties under development for sale, prepaid land lease payments as well as bank deposits. Details of which are set out in Note 23 of the financial statements.

As at 31 December 2011, the other borrowing of RMB631 million (2010: nil) is a loan from a third party trust fund which is secured by pledge of the Group's 72.63% equity interest in SGLD, and entitlement to certain economic benefits (right to dividends, if any, etc.) in the equity interest of SGLD, use rights of two pieces of land and the title to the properties thereon.

Contingent liabilities

As at 31 December 2011, the Group had no contingent liabilities (2010: nil).

Capital structure

The capital structure of the Group consists of debt, which includes interest bearing bank borrowings, Credit Trust Scheme and equity attributable to the owners of the Parent, comprising share capital, reserves and retained earnings.

Significant Investments

Save for the property assets in the course of the Group's ordinary and usual course of business, the Group had no significant investments held as at 31 December 2011.

Financial Instruments for hedging

As at 31 December 2011, the Group had no financial instruments (2010: nil) for hedging purposes.

Exchange Rate Risk

All the Group's operating entities operate in mainland China with most of the transactions denominated in Renminbi. the Group is exposed to foreign exchange risk arising from golf membership fees received in United States dollars. In addition, the Group has raised certain amount of funds in Hong Kong dollars via bank borrowings. The Group has not hedged its foreign exchange rate risk as it expects that the bank deposits raised would be utilised for general working capital purpose in the near future. Details of which are set out in note 31 of the financial statements.

Profiles of Directors and Senior Management

BOARD OF DIRECTORS

CHAIRMAN
Mr. Shi Jian

CO-CHAIRMAN and
CHIEF EXECUTIVE OFFICER
Mr. Li Yao Min

VICE CHAIRMAN
Mr. Yue Wai Leung Stan

CO-CHIEF EXECUTIVE OFFICER
Mr. Shi Janson Bing

CHIEF FINANCIAL OFFICER
Ms. Song Yiqing

CHIEF OPERATING OFFICER
Ms. Gu Biya

EXECUTIVE DIRECTOR
Mr. Mao Yiping

EXECUTIVE DIRECTOR
Mr. Yang Yonggang

EXECUTIVE DIRECTOR
Mr. Qian Yifeng

LEAD INDEPENDENT NON-
EXECUTIVE DIRECTOR
Mr. Henry Tan Song Kok

INDEPENDENT NON-
EXECUTIVE DIRECTOR
Mr. Loh Weng Whye

INDEPENDENT NON-
EXECUTIVE DIRECTOR
Mr. Kong Siu Chee

INDEPENDENT NON-
EXECUTIVE DIRECTOR
Mr. Lam Bing Lun Philip

INDEPENDENT NON-
EXECUTIVE DIRECTOR
Mr. Zhang Hao

EXECUTIVE DIRECTORS

Mr. Shi Jian, aged 58, is the founder of our Company. He was appointed to our Board on 11 January 2007 and has been the Executive Chairman of our Company since 1 April 2007.

Mr. Shi is responsible for the development of our corporate strategies. He is involved in assessing the businesses in which our Company is involved and reassesses each strategy regularly to determine whether it has succeeded or needs replacement by a new strategy to meet changed circumstances. He also provides guidance to the Chief Executive Officer of our Company in developing plans to achieve each strategy. In addition, Mr. Shi is responsible for developing and maintaining good working relationships with government authorities and joint venture partners. He also sits on the boards of various companies within our Group.

Mr. Shi served in the People's Liberation Army from 1970 to 1986, the highest rank attained being colonel. From 1993 to 1995, he was the General Manager of the Universal Mansion project in Shanghai from which he obtained substantial experience in the development of commercial property. He has more than 21 years' experience in business management and the property development industry, including over 9 years' experience in new town development in the PRC.

Mr. Shi is also a founder and is concurrently the Executive Chairman of SRE Group Limited ("SRE"). He is the father of Mr. Shi Janson Bing, the Co-Chief Executive Officer and Executive Director of the Company and the uncle of Mr. Shi Lizhou, the Assistant President and Deputy Director of the Company. Mr. Shi is also the father-in-law of Ms. Zuo Xin, the Assistant President of the Company. Mr. Shi is the controlling shareholder of the Company.

Mr. Li Yao Min, aged 61, was appointed to our Board on 11 January 2007 and has been the Executive Vice Chairman of our Company since 1 April 2007. Mr. Li was previously appointed as Co-Vice Chairman on 1 December 2008 and has subsequently been re-designated as Chief Executive Officer and Co-Vice Chairman since 7 January 2010 and as Chief Executive Officer and Co-Chairman on 1 July 2011.

Mr. Li is responsible for identifying investment opportunities to meet our strategies. He is also responsible for making high-level initial assessments of the investment opportunities and their potential returns and developing working relationships with government authorities and joint venture partners. He also sits on the boards of various companies within our Group.

From 1992 to 1993, he was attached to Shanghai Golden World Commercial Building Co., Ltd. as a General Manager, responsible for the overall management and development of commercial property. He has over 17 years of experience in business management and the property development industry, including over 9 years' experience in new town development in PRC.

Mr. Li is one of the founders and is concurrently the Executive Director of SRE.

Mr. Yue Wai Leung Stan, aged 51, joined our Group as an Executive Director on 30 September 2006 and served as Chief Executive Officer from April 2007 to November 2008. Mr. Yue was re-designated as Co-Vice Chairman on 1 December 2008 and Non-Independent Non-executive Director on 3 June 2009 and has subsequently been re-designated as Vice Chairman and Executive Director with effect from 1 July 2011. Mr. Yue is responsible for assisting the Chairman in formulating corporate strategies and providing advisory to our Company in the implementation of corporate strategies and business management. He also sits on the boards of various companies within our Group.

Mr. Yue obtained a bachelor's degree in administration studies from the York University in Toronto, Canada. He is a member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Yue has over 21 years of experience in the finance and administration sectors in both private and public companies in Hong Kong and the PRC. From May 2004 to April 2007, he held the position of Chief Financial Officer at SRE. He has been appointed as Co-Chief Executive Officer and Executive Director of SRE from 3 June 2009 to 1 July 2011 and was responsible for the corporate finance function.

Mr. Shi Janson Bing, aged 28, joined our Group in December 2007 and was appointed as an Executive Director since 12 December 2007. He was re-designated as Co-Chief Executive Officer and Executive Director on 30 November 2010 subsequently. He is responsible for project developments, management of human resources and overseeing all commercial operations. Mr. Shi graduated from the University of Southern California and obtained a bachelor's degree in accounting in May 2007. He sits on the boards of various companies within our Group. He is the son of Mr. Shi Jian, our Executive Chairman and a controlling shareholder of the Company. Ms. Zuo Xin, the Assistant President of the Company, is the spouse of Mr. Shi. Mr. Shi Lizhou, the Assistant President, Deputy Director of the Company, is the cousin of Mr. Shi.

Ms. Song Yiqing, aged 32, joined our Group as Chief Financial Officer since 8 March 2010 and was appointed as Executive Director on 30 April 2010. She is in charge of financial planning and investment management as well as investor relations affairs for our Group. She also sits on the boards of various companies within our Group.

Ms. Song obtained a master's degree of business administration from the Wharton Business School of the University of Pennsylvania in May 2007, a master's degree in accounting from The College of William and Mary in Virginia in December 2002 and a bachelor's degree of arts in international trade and English from the Shanghai Institute of Foreign Trade in July 2000. She is a member of the American Institute of Certified Public Accountants. She has 8 years of experience in international accounting, global investment banking and global strategy consulting. She provided professional financial consultancy and other advisory services to different global industry sectors.

Ms. Gu Biya, aged 53, joined our Group in November 2006 and was previously appointed to our Board on 30 November 2006. She was responsible for overseeing the development of the Wuxi Project. On 1 June 2009, Ms. Gu resigned from our Board as she had a surgical operation but was re-appointed as Executive Director and Chief Operating Officer on 7 January 2010 upon recovery. She is now responsible for enhancing the operational effectiveness and efficiency of our Company. She also sits on the boards of various companies within our Group.

Ms. Gu obtained a bachelor's degree in economics and management from the Central Party School in June 1992 and obtained an International Real Estate Advanced Leadership Program Certificate upon completion of a course relating to the financing and management of a real estate company jointly organized by the Harvard University's Graduate School of Design, the graduate school of design of the Harvard University, and the Tsinghua University for real estate professionals in China in March 2005. She was a member of the Shanghai City, Baoshan District Chinese People's Political Consultative Conference National Committee from October 2004 until the change of office bearers of the committee in 2008. She was awarded the 2005 China Construction Industry Top 100 Managers Award in October 2005 from China Management Science Research Institute, China Architectural Culture Center and China Construction Newspaper. Based on the records from Shanghai Changning District Human Resources Service Center, Ms. Gu has over 20 years of management experience in the real estate industry. She has joined the SRE group since 1997. In 2002, she was re-designated as a director and the General Manager of Shanghai Golden Luodian Development Company Limited ("SGLD") and was responsible for the operations of the company until February 2007.

Mr. Mao Yiping, aged 43, joined SRE in 1993. He subsequently joined our Group in November 2006 and was appointed as an Executive Director on 30 November 2006. He has been the General Manager for the Shenyang Project since 1 April 2007 and is responsible for overseeing the development of the Shenyang Project. He also sits on the boards of various companies within our Group.

Mr. Mao obtained a bachelor's degree in mechanical engineering from the Shanghai Jiao Tong University in July 1991 and a master's degree in business administration from the City University of Hong Kong in November 2003.

Mr. Yang Yonggang, aged 58, joined our Group as a Vice President since April 2007 and was appointed as Executive Director on 3 June 2009. He is responsible for overseeing the legal affairs of our Group. He also sits on the boards of various companies within our Group.

Between November 1969 and August 1978, Mr. Yang worked at the Yunnan Province of Meng La Farm. He graduated with a bachelor's degree in philosophy from the Southwest Jiaotong University in China in July 1982, and subsequently taught in the Shanghai Tiedao University in China in the same year. In 1993, Mr. Yang obtained the qualifications of the assistant professor. He joined Shanghai Tongji University in China and served as an assistant professor in January 2000. He later joined SRE in January 2001 as head of administration and was responsible for investment and legal matters.

Mr. Qian Yifeng, aged 34, was appointed as Executive Director on 20 October 2011. He is responsible for overseeing the development of the Wuxi Project. Mr. Qian was a Vice General Manager of CNTD Wuxi Hongshan New Town Development Co., Ltd ("CNTD Wuxi") from 2007 to 2009 and became the General Manager of CNTD Wuxi since June 2009. Mr. Qian was appointed as Assistant President, Deputy Director of the Company with effect from 30 November 2010. Previously, he worked in Orient International (Holding) Shanghai FEB Real Estate Co. Ltd. as a project manager in the Department of Development and Market Analysis. Mr. Qian holds a master degree in environment and energy management from the University of Twente, the Netherlands and a bachelor degree in civil engineering from the Harbin Engineering University, China.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Henry Tan Song Kok, aged 47, was appointed to our Board on 25 September 2007. He is the Lead Independent Director and the chairman of the Audit Committee of our Company and a member of the Remuneration Committee and the Investment Committee of our Company.

Mr. Tan obtained a bachelor's degree in accountancy with first class honours from the National University of Singapore. He is a fellow of the Institute of Certified Public Accountants of Singapore, a member of the Institute of Chartered Accountants in Australia, the Institute of Internal Auditors Inc (Singapore Chapter) and the Singapore Institute of Directors.

Mr. Tan is currently the Managing Director of Nexia TS Public Accounting Corporation and the chairman of Nexia China. He is also the Asia Pacific Regional Chairman and a board member of Nexia International. He also sits on the board of Ascendas Fund Management (S) Limited, which is the Manager of Ascendas REIT, a fund listed on the SGX-ST. He served as President of Spirit of Enterprise from October 2006 to October 2008, a charity organization. Mr. Tan sits on the Financial Reporting Committee of the Institute of Certified Public Accountants in Singapore.

Mr. Tan also sits on the boards of Chosen Holdings Limited, Raffles Education Corporation Limited, YHI International Limited and Pertama Holdings Limited, all being companies listed on the SGX-ST.

Mr. Loh Weng Whye, aged 65, was appointed to our Board on 25 September 2007. He is also the chairman of the Nominating Committee and a member of the Audit Committee, the Remuneration Committee and the Investment Committee.

Mr. Loh obtained a bachelor's degree in engineering and a master of science in industrial engineering, both from the University of Singapore. He is a Professional Engineer (Singapore), a Member of the Singapore Institute of Directors (MSID) and was elected as a Fellow of the Institution of Engineers, Singapore (FIES).

He is a veteran in infrastructure development and energy industries in Singapore and the region, with four decades of experience at senior appointments with the civil service, government-linked companies and the private sector.

Currently, Mr. Loh sits on the boards of several Singapore and overseas corporations, including several companies listed on the main-board of SGX-ST, namely Leeden Limited, BH Global Marine Limited and XinRen Aluminium Holdings Limited. He also holds advisory and board appointments in public organizations and charity bodies.

Mr. Kong Siu Chee, aged 65, was appointed to our Board on 30 November 2006. He is also the chairman of the Remuneration Committee and a member of the Nominating Committee and the Investment Committee.

Mr. Kong obtained a bachelor's degree in arts from the University of Hong Kong ("HKU") in November 1969 and a master degree in business administration from the Chinese University of Hong Kong in December 1980. He is an associate of The Chartered Institute of Bankers in the United Kingdom. Mr. Kong began his career in 1969 with Standard Chartered Bank, where he served in various managerial positions for 24 years. In 1993, he pursued his new business interest in the telecommunications sector and was a director of Champion Technology Holdings Limited from 1993 to 1994 and a director of Kantone U.K. Ltd. from 1994 to 1996. Between 1999 and 2005, he served as a director, Executive Vice President and Alternate Chief Executive Officer of CITIC Ka Wah Bank Limited (renamed as CITIC Bank International Limited in May 2010), and was also a director and the Managing Director of CITIC International Financial Holdings Limited from 2002 to 2005.

Mr. Lam Bing Lun Philip, aged 68, was appointed to our Board on 30 November 2006. He is also the chairman of the Investment Committee and a member of the Audit Committee, the Nominating Committee and the Remuneration Committee.

Mr. Lam obtained a diploma in management studies from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in July 1974. Mr. Lam is active in community affairs and has served as a member on the board of review of the Hong Kong Inland Revenue Department for 3 years. He is a fellow of The Chartered Institute of Management Accountants (U.K.), an associate of The Certified Management Accountants (Canada), The Institute of Chartered Secretaries and Administrators, The Chartered Institute of Bankers and the Hong Kong Institute of Certified Public Accountants. He is also a member of the Establishment and Finance Committee of the Prince Philip Dental Hospital in Hong Kong.

Mr. Lam began his career in 1963 with Hang Seng Bank Limited. Mr. Lam first joined HKU in 1975 and has served as the Director of Finance since 1990. In this role, he is responsible for overseeing and managing HKU's overall financial affairs. He also spent 3 years in Canada from 1982 to 1985, where he served as the Chief Accountant and Comptroller in the Overseas Bank Canada. Mr. Lam was also a director of Enterpriseasia Limited, a company formerly listed on the London Stock Exchange, since July 2001 up to January 2010 when the company was deregistered in the United Kingdom.

Mr. Zhang Hao, aged 52, was appointed to our Board on 13 February 2012. He is currently the vice director and part-time professor of the Yangtze River Basin Development Institute of the East China Normal University.

Mr. Zhang graduated from the Department of Economics of the Nanjing University in August 1990. He then obtained a master degree in business administration from the Shanghai Jiaotong University in March 2005. He had previously served in various departments of the provincial government of the People's Republic of China for over 28 years. From August 1981 to August 1996, he worked first as the senior staff member in the Planning Commission of Chongming County and then as the superintendent of the Seawall Project Management of Chongming County. From August 1996 to December 2010, he held various positions including as a senior staff member of the Cooperation Office of the Shanghai Municipal Government, a cadre of the department of district and county economy of the Shanghai Municipal Development Planning Commission and a senior staff member for the department of district and county economy of the Shanghai Municipal Development and Reform Commission.

SENIOR MANAGEMENT

Ms. Liu Suyin, aged 55, joined our Group in 2007. She is currently a Vice-President of our Company as well as the Chairman of SGLD and is responsible for overseeing the Luodian Project.

Ms. Liu obtained a master's degree in business administration from Asia International Open University (Macau) in November 2006. She joined the SRE in 2002 and was a member of the senior management of various subsidiaries of SRE principally responsible for overseeing property development projects and hotel management until she joined our Group in 2007. She was appointed as a committee member of the 6th Baoshan District Political Consultative Committee on 30 December 2009.

Mr. Shi Lizhou, aged 29, has been re-designated from General Manager, Corporate Finance Division and Co-General Manager to Assistant President, Deputy Director of the Company with effect from 30 November 2010.

Mr. Shi Lizhou is currently an Executive Director of SRE. Mr. Shi has 4 years of experience in property development under SRE. He has been the Co-General Manager of Shanghai Zhufu Property Development Co., Ltd. since June 2007, and became the General Manager in Corporate Finance of SRE in March 2010. Mr. Shi Lizhou holds master degree in global financial management from the University of Northumbria, Newcastle Upon Tyne and bachelor degree of finance in the University of Lancaster. He is the nephew of Mr. Shi Jian and the cousin of Mr. Shi Janson Bing.

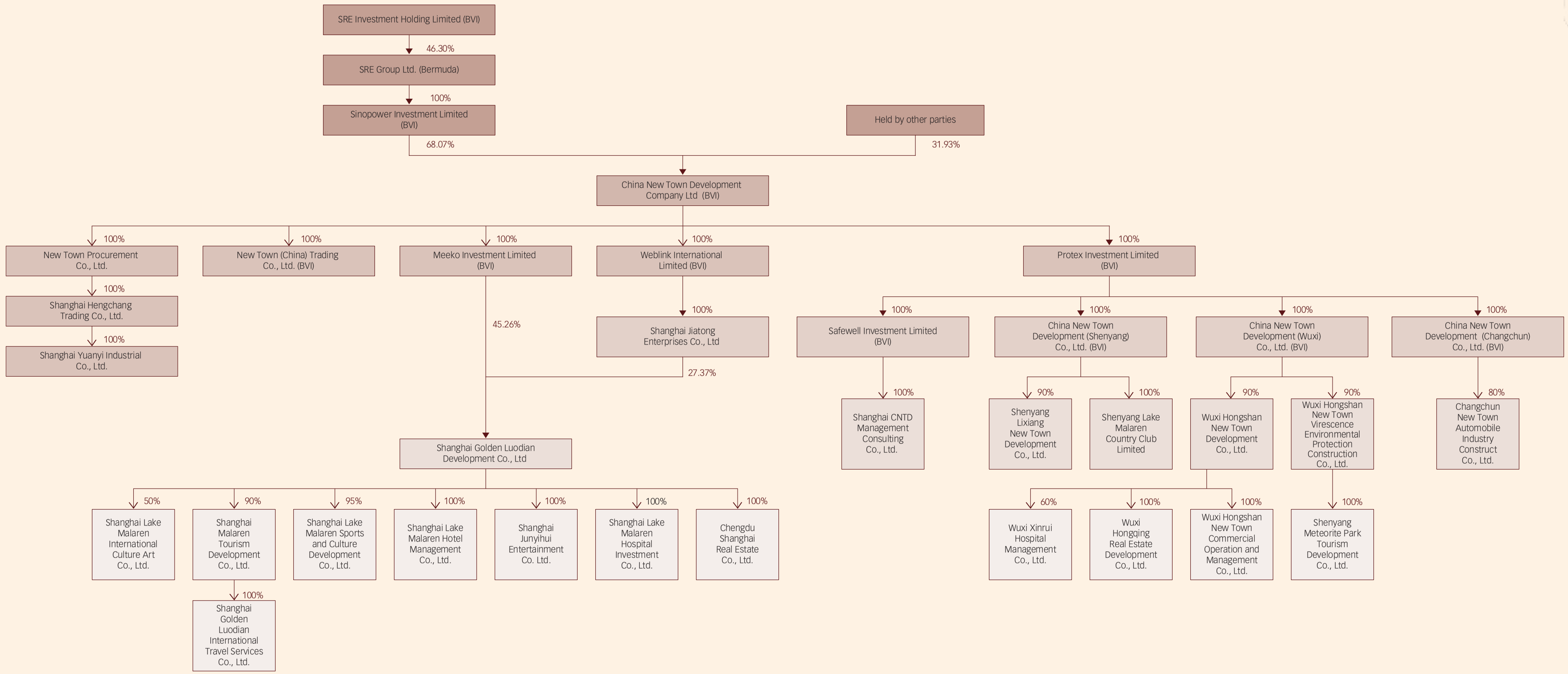
Ms. Zuo Xin, aged 28, has been re-designated from General Manager to Assistant President of the Company with effect from 30 November 2010.

Ms. Zuo has been the General Manager of New Town (China) Trading Co. Ltd. since June 2010. Prior to that, she had 3 years of experience in auditing, as senior auditor at Ernst & Young Shanghai. Previously, she also worked in premier banking at HSBC-Shanghai and public relations at PORTS China Shanghai Office. Ms. Zuo holds master degree in fashion business from Polimoda in Italy and bachelor degree of accounting and finance in University of Sydney. She is the spouse of Mr. Shi Janson Bing and the daughter-in-law of Mr. Shi Jian.

Mr. Yu Songmin, aged 29, has been re-designated from Vice General Manager to Assistant President, Deputy Director of the Company with effect from 30 November 2010. He has been appointed as General Manager of SGLD since October 2011.

Mr. Yu joined the Group in 2009 and has been a Vice General Manager of SGLD since October 2009. Prior to that, he was a property analyst of Ellenton Capital from 2006 to 2008. Mr. Yu holds master degree in finance from Imperial College London, UK and bachelor degree in finance from Lancaster University, UK.

Group Structure



1 Except as otherwise expressly stated, all companies within the group are incorporated in the People's Republic of China.
2 Except as otherwise expressly stated, all companies in this corporate structure are wholly-owned by their respective holding companies.
3 Name of accounting firm of the significant subsidiaries as defined in Rule 717 of Listing Manual.

Name of significant subsidiaries	Name of accounting firms
Shanghai CNTD Management Consulting Co., Ltd.	**Shanghai Grandeur Certified Public Accountants**
Shanghai Jiatong Enterprises Co., Ltd.	**Shanghai Jiangnan Certified Public Accountants**
Shanghai Golden Luodian Development Co., Ltd.	**Shanghai Shenzhou Datong Certified Public Accountants**
Shanghai Lake Malaren Golf Club Co., Ltd.	**Shanghai Zhengze Certified Public Accountants**
Shenyang Lake Malaren Country Club Ltd.	**Shen Yang Zheng De Certified Public Accountants**
Shenyang Lixiang New Town Development Co., Ltd.	**Shen Yang Zheng De Certified Public Accountants**
Shenyang Meteorite Park Tourism Development Co., Ltd.	**Shen Yang Zheng De Certified Public Accountants**
Wuxi Hongshan New Town Commercial Operation and Management Co., Ltd.	**Wuxi Fanzheng Certified Public Accountants**
Wuxi Hongshan New Town Development Co., Ltd.	**Wuxi Fanzheng Certified Public Accountants**
Wuxi Hongshan New Town Virescence Environmental Protection Construction Co., Ltd.	**Wuxi Fanzheng Certified Public Accountants**
Changchun New Town Automobile Industry Construct Co., Ltd.	**Jiling Wanxin Certified Public Accountants**

Corporate Governance Report

The board of directors (the "Board") and management are committed to maintaining a high standard of corporate governance principles and practices so as to promote corporate transparency and accountability. Good corporate governance is an integral element of a sound corporation to protect and enhance shareholders' value.

During the year ended 31 December 2011, the Board has reviewed its corporate governance practices and ensures that the Company is in compliance with all applicable code provisions of the Code of Corporate Governance 2005 (the "Singapore Code") and the Code on Corporate Governance Practices (the "HK Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx") (the "Listing Rules") (the HK Code, and together with the Singapore Code collectively referred to as the "Codes").

BOARD MATTERS

The Board

The Board has overall responsibility for the proper conduct of the Company's businesses. The Board's primary role is to provide entrepreneurial leadership, set strategic aim and ensure that the necessary financial and human resources are in place for the Group to meet its objectives as well as to protect and enhance long-term shareholders' values. It sets the overall strategy for the Group and review management performance. To fulfill this role, the Board is responsible for the overall corporate governance of the Group including establishing a framework of prudent and effective controls, setting its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Formal Board Committees established by the Board include the Audit Committee, Nominating Committee, Remuneration Committee and Investment Committee and they assist the Board in discharge of its duties. The effectiveness of each Committee is also constantly monitored.

The Board meets at least four times a year at approximately quarterly intervals, relating to the review of the financial performance, results of each period, material investments and other significant matters of the Group. The Articles of Association of the Company provides for the convening of the Board or Board Committee meetings by way of telephonic or similar communications.

The attendance records of the directors of the Company (the "Directors"), together with their attendance at the Board Committee meetings for the financial year ended 31 December 2011 are set out below:

Name	Board Meeting	Audit Committee	Nominating Committee	Remuneration Committee	Investment Committee
Number of Meetings	5	5	3	3	1
Executive Directors					
Shi Jian	4/5	–	–	–	–
Li Yao Min	5/5	–	–	–	–
Yue Wai Leung Stan	5/5	–	–	–	–
Shi Janson Bing	5/5	–	–	–	–
Song Yiqing	5/5	–	–	–	–
Gu Biya	5/5	–	–	–	–
Mao Yiping	5/5	–	–	–	–
Yang Yonggang	4/5	–	–	–	–
Qian Yifeng[1]	1/1	–	–	–	–
Independent Non-executive Directors					
Henry Tan Song Kok (Lead)	5/5	5/5	–	3/3	1/1
Lam Bing Lun Philip	5/5	5/5	3/3	3/3	1/1
Kong Siu Chee	5/5	–	3/3	3/3	1/1
Loh Weng Whye	5/5	5/5	3/3	3/3	1/1

1 *Mr. Qian Yifeng was appointed as a member of the Board on 20 October 2011.*

Delegation by the Board

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and annual results, interested person transactions of a material nature, declaration of interim dividends and proposal of final dividends.

All other matters are delegated to the Board Committees whose actions are reported to and monitored by the Board while the day-to-day operational responsibilities are delegated to the executive management and carried out under the supervision of the chief executives. All management and staff have defined roles and responsibilities and are subject to the Code of Conduct as set out in the Employee Manual which imposes on them specific obligations to our business.

Executive Chairman, Co-Chairman, Vice-Chairman and Chief Executive Officer

Mr. Shi Jian is the Executive Chairman and responsible for formulating, developing and reassessing the Group's strategies and policies and ensuring the effectiveness of board matters while Mr. Li Yao Min is the Co-Chairman and Chief Executive Officer ("CEO") and responsible for the duties in absence of the chairman of the Board and the execution of the Group's business strategies and plans. In addition, Mr. Shi Janson Bing is the Co-Chief Executive Officer and responsible for overseeing the progress of each new town projects, all commercial operations and management of human resources. Mr. Shi Janson Bing is the son of Mr. Shi Jian. All major decisions made by the Chairman, Co-Chairman and the CEO are reviewed by the Board. Mr. Yue Wai Leung Stan is the Vice Chairman and Executive Director and responsible for assisting the Chairman and the Co-Chairman in the project management and performing specific duties as designated by them.

As Mr. Shi Jian, Mr. Li Yao Min, Mr. Shi Janson Bing and Mr. Yue Wai Leung Stan are part of the executive management team and hence Mr. Henry Tan Song Kok is appointed as Lead Independent Non-executive Director who will be available to shareholders when they have concerns and when the contact through normal channels has failed to resolve or for which such contact is inappropriate.

Board Composition and Balance

As at 31 December 2011, the Board comprises thirteen (13) members: nine (9) Executive Directors, and four (4) Independent Non-executive Directors. The Board is able to exercise independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues. No individual or small group should be allowed to dominate the Board's decision making.

The list of all Directors (including Mr. Zhang Hao), which also specifies the posts held by each Director is set out under the Directors' Report on pages 42 to 43. The Independent Non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

During the year ended 31 December 2011, the Board at all times met the requirements of the Codes of at least three Independent Non-executive Directors with at least two Independent Non-executive Directors possessing appropriate professional qualifications or accounting or related financial management expertise were being appointed. Regarding another requirement of having at least one-third of the Board appointed as Independent Non-executive Directors, upon the Company appointed Mr. Qian Yifeng as an Executive Director on 20 October 2011, the constitution of Independent Non-executive Directors on the Board has dropped to below one-third. For this reason the Company has officially appointed Mr. Zhang Hao on 13 February 2012 to bring the constitution of Independent Non-executive Directors on the Board to above one-third.

The criterion of independence is based on the definition given in the Codes and the Rule 3.33 of the Listing Rules. The Board considers an "independent" director as one who has no relationship with the Company, its related companies or its officers who could interfere, or be reasonably perceived to interfere, with the exercise of independent judgment of the conduct of the Group's affairs by director.

The composition of the Board is determined in accordance with the following principles:

- the Board should comprise a sufficient number of Directors to fulfill its responsibilities and who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge (This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified); and

- the Board should have enough Directors to serve on various committees of the Board without over-burdening the Directors or making it difficult for them to fully discharge their responsibilities.

The independent non-executive members of the Board exercise no management functions in the Company or any of its subsidiaries. Although all the Directors have equal responsibility for the performance of the Group, the role of the Independent Non-executive Directors is particularly important in reviewing and monitoring the performance of executive management in meeting the Group's agreed goals and objectives and ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined taking into account the long-term interests, not only of the shareholders but also of employees, customers, suppliers and many communities in which the Group conducts businesses. The Board considers its Independent Non-executive Directors to be of sufficient caliber and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The Independent Non-executive Directors have no financial or contractual interests in the Group other than by way of their fees and shareholdings as set out in the Report of the Directors.

The Board is of the view that its current composition of fourteen Directors is appropriate taking into account the scope and nature of the operations of the Company and of the Group.

Insurance cover in respect of legal proceedings and other claims against Directors arising from their office and execution of their powers, duties and responsibilities has been arranged. In 2011, no legal action was made against any of our Directors in relation to their duties performed for the Company.

Throughout the year, the Company complied with the Codes except for the Code provision E.1.2 of the HK Code, that the Chairman of the Board did not attend the annual general meeting for the year 2011 due to other business commitment. The Co-Chief Executive Officer of the Board had attended in Chairman's absence.

Profiles of the Directors and other relevant information are set out on pages 21 to 27 of this Annual Report.

Induction and Training of Directors

Upon appointment, each Director receives appropriate induction training and coaching to develop individual skills as required. The Directors are also provided with updates on the relevant new laws, regulations and changing commercial risks in the Group's operating environment through regular presentations and meetings; and they also have the opportunity to visit the Group's operational facilities and meet with management to gain a better understanding of business operations and governance practices.

During the financial year, the Directors and senior management were provided with the training regarding the regulations and laws applicable to the Company's business in Hong Kong and PRC. The Directors were also recommended with relevant seminars in relation to the updates on the latest development of accounting standards.

NOMINATION MATTERS

Board Membership and Nominating Committee

The Nominating Committee ("NC") comprises three members, all of whom including the Chairman are Independent Non-executive Directors. The members of the NC are as follows:

Mr. Loh Weng Whye – Chairman
Mr. Lam Bing Lun Philip – Member
Mr. Kong Siu Chee – Member

The NC has adopted terms of reference on 7 October 2010 and its principle functions are to:

1. identify and make recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations on the composition of the Board and Board Committees;

2. evaluate/monitor the effectiveness of the Board as a whole and the contributions of each director to the effectiveness of the Board;

3. recommend directors who are retiring by rotation to be put forth for re-election; and

4. review the independence of each director.

The Company has received written annual confirmation from each Independent Non-executive Director of his independence pursuant to the requirements of the Codes and Listing Rules.

The NC has reviewed the independence of each Director and confirmed the independence of all five Independent Non-executive Directors based on the definition provided by the Codes and the Listing Rules regarding what constitutes an independent director.

Appointment, Re-election and Removal of Directors

The procedures and processes of appointment, re-election and removal of Directors are laid down in the Articles of Association of the Company. Recommendations for appointments and re-appointments of directors and appointments of the members of the various Board Committees are made by the NC and considered by the Board as a whole. The Articles of Association of the Company provides that at each Annual General Meeting ("AGM") of the Company, one-third of the Directors for the time being (or, if the number is not a multiple of three, the number nearest to but not less than one-third), being those who have been longest in office since their last re-election or appointment, are required to retire from office by rotation. A retiring director is eligible for re-election by the shareholders of the Company at the AGM. In addition, any director appointed by the shareholders of the Company or the Board, as the case may be, either to fill a vacancy or as an additional director, shall retire at the next AGM of the Company and shall then be eligible for re-election at that meeting.

During the financial year, the NC assessed the skills, knowledge and experience of Mr. Qian Yifeng and unanimously recommended to the Board for his appointment as a Director.

Mr. Mao Yiping, Mr. Lam Bing Lun Philip and Mr. Kong Siu Chee will be retiring by rotation pursuant to Article 86 of the Company's Articles of Association and Mr. Qian Yifeng and Mr. Zhang Hao will be retiring in accordance with Article 85(7) of the Company's Articles of Association. The retiring directors are eligible for re-election at the forthcoming AGM. The NC recommends their re-election after assessing their contribution and performance.

Mr. Loh Weng Whye who will retire pursuant to Article 86 of the Company's Articles of Association at the forthcoming AGM, will not offer himself for re-election.

Board Performance

The Company believes that the Board's performance is ultimately reflected in the performance of the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care in the best interests of the Company and its shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities: setting strategic directions and ensuring that the Company is ably led. The measure of a board's performance is also tested through its ability to lend support to management especially in times of crisis and to steer the Company in the right direction.

The Company is of the opinion that the financial indicators set out in the Codes as guides for the evaluation of Directors are more of a measure of management's performance and hence are less direct to Directors. In any case, such financial indicators provide a snapshot of a Company's performance, and do not fully measure the sustainable long term performance and value creation of the Company.

The Board through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the integrity, background, experience, knowledge and skills critical to the Company's business and that each Director with his/her special contribution brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC has established for assessing/monitoring the effectiveness of the Board as a whole and performance and contribution of individual directors, and implements the processes determined upon the review of the Company's annual results. At the same time, the processes also identify weaker areas where improvements can be made. The Board and individual directors can thus direct more effort in those areas for achieving better effectiveness and performance of the Board as a whole and individual directors.

Access to Information

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions.

The senior management and executives attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

Prior to each Board meeting, the Board is supplied with relevant information by the management pertaining to matters to be brought before the Board for decisions as well as ongoing reports relating to operational and financial performance of the Group.

All Directors have unrestricted access to the Company's records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

All Directors have separate and independent access to the company secretaries. The duly appointed secretaries administer, attend, prepare and keep minutes of the Board and Board Committee meetings. The company secretaries also assist the Chairman in ensuring that the Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Articles of Association and relevant rules and regulations, including requirements of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and HKEx, are complied with. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and final versions are open for Directors' inspection.

The Company's Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") comprises four members, all of whom including the Chairman are Independent Non-executive Directors. The members of the RC are as follows:

Mr. Kong Siu Chee – Chairman
Mr. Loh Weng Whye – Member
Mr. Lam Bing Lun Philip – Member
Mr. Henry Tan Song Kok – Member

The RC has adopted terms of reference on 7 October 2010 and its principle functions are to:

1. implement and administer the Management Grant and the CNTD Share Option Scheme;

2. review and recommend to the Board a framework of remuneration for the Directors and key executives, covering all aspects of remuneration such as fees, salaries, allowances, bonuses, options and benefits-in-kind; and

3. review and determine the specific remuneration packages for each executive Director and senior management.

The members of the RC do not participate in any decision concerning their own remuneration.

Level and Mix of Remuneration

In setting remuneration packages, the RC takes into account the performance of the Group, executive Directors and executive management as well as the pay and employment conditions within the same industry and in comparable companies, while aligning the Executive Directors' interests with those of shareholders and linking rewards to corporate and individual performance.

The Independent Directors receive directors' fees, in accordance with their contributions, taking into account factors such as efforts, time spent and responsibilities of the Directors. Directors' fees will be subject to approval of the shareholders at the Company's AGM.

The remuneration of the executive Directors and the key senior executives comprises a basic salary component and a variable component. The variable component comprises a variable bonus linking to the Company and individual performance, and other variable components including the grant of share options under the CNTD Share Option Scheme as set out in the Company's circular dated 12 August 2010. Details of the remuneration terms of Directors are set out in the Report of the Directors.

The Company entered into service agreement with Mr. Qian Yifeng on 20 October 2011 in connection with his appointment as an Executive Director. Either party may terminate the service agreement by giving the other party not less than 6 months' notice in writing of such termination or either party making certain payments to the other party in lieu of notice.

The annual review of the remuneration packages of the Directors are carried out by the RC to ensure that the remuneration of the Executive Directors and senior management commensurates with their performance, giving due regard to the financial and commercial health and business needs of the Group. No Director should involve in deciding his own remuneration.

Disclosure on Remuneration

Details of the Directors' and top 5 key executives' remuneration paid or payable for the financial year ended 31 December 2011 are set out below:

Directors	Fixed salary	Bonus	Directors' fees	Other allowance	Total
Shi Jian	100%	–	–		Band A
Li Yao Min	100%	–	–		Band B
Yue Wai Leung Stan *(re-designated as an Executive Director with effect on 1 July 2011)*	100%	–	–		Band B
Shi Janson Bing	100%	–	–		Band A
Song Yiqing	84%	–	–	16%	Band B
Gu Biya	100%	–	–		Band B
Mao Yiping	100%	–	–		Band B
Yang Yonggang	100%	–	–		Band A
Qian Yifeng	100%	–	–		Band A

The exchange rate is calculated on monthly average basis.

Directors	Fixed salary	Bonus	Directors' fees	Other allowance	Total
Yue Wai Leung Stan *(resigned from a Non-independent Non-executive Director with effect from 1 July 2011)*	–	–	100%		Band A
Henry Tan Song Kok	–	–	100%		Band A
Loh Weng Whye	–	–	100%		Band A
Lam Bing Lun Philip	–	–	100%		Band A
Kong Siu Chee	–	–	100%		Band A

The exchange rate is calculated on monthly average basis.

Top 5 Key Executives	Fixed salary	Bonus	Other allowance	Total
Tai Kuo Lin *(Vice President)*	100%	–	–	Band A
Kao Sianhong *(Assistant President, General Manager)*	100%	–	–	Band A
Wu Joming *(General Manager)*	100%	–	–	Band A
Liu Suyin *(General Manager)*	100%	–	–	Band A
Zuo Xin *(Assistant President, Deputy Director)*	100%	–	–	Band A

The exchange rate is calculated on monthly average basis.

Notes:

1. Remuneration band

   Band A: Below S$250,000
   Band B: S$250,000 to below S$500,000

2. Details of the interests in securities and share options to the Directors and senior management are set out under the section headed "The Management Grant" in the Report of the Directors.

3. Details of the remuneration of the Directors are set out in the Financial Statements from pages 124 to 125 of this Annual Report.

Other than the father and son relationship between Mr. Shi Jian, the Executive Chairman, and Mr. Shi Janson Bing, the Co-CEO and Executive Director, there are no employees of the Group who are immediate family members of the Directors or the CEO (within the meaning of Listing Manual of the SGX-ST) whose remuneration exceeded S$150,000 during the financial year ended 31 December 2011.

ACCOUNTABILITY AND AUDIT

Accountability

The Board aims to ensure that the quarterly and annual financial statements and results announcements are presented in a manner which provides a balanced and understandable assessment of the Group's performance, position and prospect.

The financial statements have been prepared in accordance with the International Financial Reporting Standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year.

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2011.

Audit Committee

The Audit Committee ("AC") comprises three members, all of whom including the Chairman are Independent Non-executive Directors. The members of the AC are as follows:

Mr. Henry Tan Song Kok – Chairman
Mr. Lam Bing Lun Philip – Member
Mr. Loh Weng Whye – Member

Mr. Henry Tan Song Kok and Mr. Lam Bing Lun Philip possess accounting and related financial management expertise and experience. The Board considers Mr. Loh Weng Whye as having sufficient financial knowledge and experience to discharge his responsibilities as a member of the AC.

The AC has adopted terms of reference on 7 October 2010 and its principal functions are to:

(a) review the financial reporting process, management of financial risks and the audit process;

(b) review the audit plans and results of the external auditors' examination and evaluation of the group's systems of internal accounting control and any matters which the external auditors wish to discuss (in the absence of management where necessary);

(c) review the scope and results of the internal audit procedures;

(d) review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and the external auditors' report on those financial statements;

(e) review the quarterly and annual announcements on the results and financial position of the Company and of the Group;

(f) review the co-operation and assistance given by the management to the Group's external auditors;

(g) evaluate the cost effectiveness, independence and objectivity of the external auditors and the nature and extent of the non-audit services provided by them;

(h) make recommendation to the Board on the appointment, re-appointment and remuneration of the external auditor of the Company;

(i) evaluate the adequacy and adherence of the internal control systems including administrative, operating and internal accounting control of the Group; and

(j) review interested person transactions and connected transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders.

The AC is authorised to investigate any matter within its terms of reference, and has full access to the management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any director or executive management to attend its meetings.

During the financial year, the AC has reviewed the scope and quality of audit by Company's external auditor, Ernst & Young ("EY") and the independence and objectivity of EY as well as the cost effectiveness. The AC also reviewed the audit fee paid to EY. EY did not render any non-audit services to the Group during the financial year. The details of audit fee and non-audit service fee to EY for the financial years 2010 and 2011 are set out below:

	2011 **RMB'000**	**2010** **RMB'000**
Audit Fee	**3,550**	5,905
Non-audit Services Fee	**–**	–
Total	**3,550**	5,905

The Company through the AC, has an appropriate and transparent relationship with EY. In the course of audit of the Group's financial statements, EY have highlighted to the AC matters that require the AC's attention. EY is invited to attend meetings of the AC for purposes of presenting their audit plan and report and for presenting their comments on the audited financial statements.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's annual results for the financial year ended 31 December 2011 have been reviewed by the AC.

EY's audit opinion on the consolidated financial statements is set out in the "Independent Auditors' Report" from page 56 to page 57.

The AC is satisfied that the Company's existing auditor, EY is able to meet the audit obligations of the Company and recommends to the Board the nomination of EY as Company's external auditor at the forthcoming AGM of the Company.

The Group has appointed different external auditors for its subsidiaries and significant associated companies. For detailed information, please refer to page 28.

Whistle Blowing Policy

The Company has adopted a whistle blowing policy which provides a channel for staff to report serious concerns relating to financial reporting and unethical or illegal conduct.

Throughout the financial year, the AC did not receive any whistle blowing report.

Internal Control

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. The internal control and risk management functions are performed by the Group's key executives, who have also confirmed the adequacy and effectiveness of the internal controls and reported to the AC for review.

It should be noted, in the opinion of the Board that, in the absence of evidence to the contrary, such system is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and that it can provide only reasonable, and not absolute, assurance against material misstatement of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

Risk management is essential to the Company's business. Risk assessment and evaluation takes place as an integral part of the annual strategic planning cycle. Having identified the risks to the achievement of their strategic objectives, each business is required to document the management and mitigating actions in place and proposed in respect of each significant risk.

The Group transacts mainly in Chinese Renminbi, with some transactions in Hong Kong, Singapore and United States Dollars. Any significant adverse movement in exchange rates may have an impact on the Group's performance. The Group seeks to minimize this risk by taking advantage of natural hedging opportunities. The Group also reviews control policies and procedures and highlights significant matters to the Board when necessary.

EY, in the course of their audit, carried out a review on the Company's system of internal to the extent of their planned reliance on the system of internal control as stated in their audit plan. Any material non-compliance with the internal control system as well as internal control weakness identified during their audit process together with their recommendations in this report are reported to the AC. The management follows up on EY's recommendations as part of its role in the review of the Group's internal control system. The AC also meets with EY without the presence of management at least once a year to discuss internal controls and various accounting issues. In addition, the AC reviews the effectiveness of actions taken by management on the recommendations on internal control by internal and external auditors.

Based on the internal controls established and maintained by the Group, work performed by the internal auditor, and reviews performed by management, various Board committees and the Board, the AC and the Board are of the opinion that the Group's internal controls were adequate and effective as at 31 December 2011.

Internal Audit

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets, the Group's internal audit function is administered and monitored by the individual auditors from its parent company. In order to enhance the Group's internal audit functions, the AC has also appointed Shanghai Dongzhou Zhengxin Certified Public Accountants to augment our internal auditors collectively defined as "internal auditors". The internal auditors report to the Chairman of the AC on any material weakness and risks identified in the course of the audit, which are also communicated to the management. The management will accordingly update the AC the status of the remedial action plans.

The AC reviews and approves the annual internal audit plans and reviews the scope and the results of the internal audit in procedures issued by the internal auditors.

INVESTMENT MATTERS

The Investment Committee ("IC") comprises four members, all of whom including the Chairman are Independent Non-executive Directors. The members of the IC are as follows:

Mr. Lam Bing Lun Philip – Chairman
Mr. Kong Siu Chee – Member
Mr. Henry Tan Song Kok – Member
Mr. Loh Weng Whye – Member

The IC performs the following main functions:

1. review the management's recommended investment opportunities, objectives, strategies, policies and guidelines that direct the investment of the portfolio;

2. review the management's recommended portfolio financial goals and requirements, including asset allocation, risk tolerance, investment time horizon and capital adequacy;

3. review and evaluate the performance of the investment portfolio regularly to assure adherence to policy guidelines and monitor progress toward achieving investment objectives; and

4. review the share purchase, redeem or otherwise acquire shares activities be conducted by the Company.

COMMUNICATION WITH SHAREHOLDERS

The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable.

The Company's AGM remains the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed and the operations of the Group.

The Company's Articles of Association allows a member entitled to attend and vote to appoint more than one proxy to attend and vote on behalf of the member and also provides that a proxy need not be a member of the Company. Voting in absentia by facsimile or email is not currently permitted to ensure proper authentication of the identity of shareholders and their voting intentions.

The Chairmen of the AC, RC, NC and IC are normally available at the meeting to answer those questions relating to the work of these Board Committees.

The Company's external auditor is invited to attend the Company's AGM and will assist the Directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

Code provision E.1.3 of the HK Code stipulates that the issuer should arrange for the notice to shareholders to be sent in the case of the annual general meeting at least 20 clear business days before the meeting and in the case of all other general meetings at least 10 clear business days before the meeting.

During the year ended 31 December 2011, at least 20 clear business days notice was given for the 2011 AGM held on 29 April 2011. Sufficient notice was given in accordance with the Company's Articles of Association, the laws of the place of incorporation of the Company, the listing rules of the SGX-ST set out in the Singapore Listing Manual and Code provision E.1.3 of the HK Code.

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual directors.

All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company, SGX-ST and HKEx after each shareholder meeting.

The Group also participates in investor forums held in Singapore, Hong Kong and abroad and also organises briefings and meetings with analysts and fund managers to give them a better understanding of the businesses of the Group.

The Group maintains a corporate website at www.china-newtown.com which contains the Company's publicly disclosed financial information, annual reports, news releases, announcements and corporate developments.

Shareholders and potential investors are welcome to communicate with the Company by any of the following ways:

Email	:	ir@china-newtown.com
Contact Number	:	+852 3965 9000
Fax	:	+852 3965 9111
Address	:	2503 Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong

COMPLIANCE WITH MODEL CODE AND SECURITIES TRADING

The Company has 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 and Rule 1207(19) of the Listing Manual of the SGX-ST as the code of conduct regarding securities transactions by Directors. The Directors have confirmed, following specific enquiries by the Company that they have complied with the required standard set out in the Model Code and Listing Manual during the year ended 31 December 2011.

The Company has also established written guidelines with more onerous requirements for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. It prohibits the Directors and officers from dealing in the Company's shares on short-term considerations and during the period commencing 30 days before the announcement of the Company's financial statements for each of the first three quarters of its financial year and 60 days before the announcement of the Company's full year financial statements (or, if shorter, the period from the end of the relevant financial period up to the publication date of the results).

No incident of non-compliance by the employees was noted by the Company.

MATERIAL CONTRACTS

Save as the service agreements between the Directors and the Company, there were no material contracts of the Company or its subsidiaries involving the interests of the CEO, any Director or controlling shareholder subsisting at the end of the financial year ended 31 December 2011.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

In accordance of the Listing Manual of the SGX-ST, the aggregate value of interested person transactions ("IPT") entered into by the Group during the financial year under review is as follows:

	Year ended 31 December 2011	
Name of interested person	**Aggregate value of all IPT during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RMB'000)**	**Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (RMB'000)**
SRE Group Limited	**161,738**	–

The above amount of RMB161.74 million include the loan of RMB151.31 million provided by SRE to the Company and the management fee for 12 months ended 31 December 2011 of RMB10.43 million.

During the financial year, SRE provided a loan of RMB151.31 million to the Company, which was interest-free, unsecured and repayable on demand. The Company had repaid the loan of RMB100 million to SRE as at 31 December 2011.

On 7 July 2010, SGLD and Shanghai Lake Malaren Property Management Co., Ltd. ("SLMPM") entered into the Property Management Agreement pursuant to which SLMPM agreed to continue to provide property management services to SGLD in respect of the Luodian New Town for a term from 1 July 2010 to 31 December 2012 at a fixed management fee of RMB869 thousand per month. Under the Property Management Agreement, SGLD provides premises with a GFA of 132.1 sq.m. to SLMPM for use as property management office free of charge. The management fee for 12 months ended 31 December 2011 is RMB10,428 thousand.

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the management regularly reviews the Company's businesses and operational activities to identify areas of significant operational and enterprise risks and takes appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and draw all significant matters to the attention of Directors and the AC.

CONCLUSION

The Company recognizes the importance of good corporate governance practices for maintaining and promoting investor confidence. The Company will continue to review and improve its corporate governance practices on an ongoing basis.

Report of the Directors

The Directors are pleased to present the Annual Report together with the audited financial statements for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Group is mainly engaged in large-scale new town planning and development. The principal activities of its principal subsidiaries are set out in note 3 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's results for the financial year ended 31 December 2011 are set out in the consolidated statement of comprehensive income on page 58 of this Annual Report.

The Directors resolved not to recommend any payment of final dividend for the year ended 31 December 2011.

RESERVES

Movements in the reserves of the Group and the Company during the financial year are set out in note 22 to the consolidated financial statements of this Annual Report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the financial year are set out in note 21 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

TAXATION IN THE BRITISH VIRGIN ISLANDS ("BVI")

A BVI business company is exempt from all provisions of the Income Tax Ordinance of the BVI (including with respect to all dividends, interests, rents, royalties, compensations and other amounts payable by the company to persons who are not resident in the BVI). Capital gains realized with respect to any shares, debt obligations or other securities of the company by persons who are not resident in the BVI are also exempt from all provisions of the Income Tax Ordinance of the BVI.

No estate, inheritance, succession or gift tax is payable by persons who are not resident in the BVI with respect to any shares, debt obligations or other securities of the company, save for interest payable to or for the benefit of an individual resident in the European Union.

DONATIONS

During the financial year, the Group did not make any donations.

FIXED ASSETS

Details of the movements of the Group during the year for:

– Investment properties are set out in note 14 to the consolidated financial statements

– Property, plant and equipment are set out in note 13 to the consolidated financial statements

GROUP FINANCIAL SUMMARY

A summary of the results of the Group is set out from page 18 to page 20.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

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

MOVEMENTS IN SECURITIES

On 6 April 2011 and 22 December 2011, the Company had allotted and issued 4,905,000 and 6,131,250 new ordinary shares to entitled persons who exercised the 3rd tranche and 4th tranche share options vested under the Management Grant adopted on 5 July 2007 respectively.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the date of this Annual Report, the Company has maintained a sufficient public float as required under the Listing Rules during the financial year. The details are set out in the Analysis of Shareholdings of this Annual Report.

DIRECTORS

The Directors of the Company in office at the date of this Annual Report are:

Executive Directors

Shi Jian
Li Yao Min
Yue Wai Leung Stan
Shi Janson Bing
Song Yiqing
Gu Biya
Mao Yiping
Yang Yonggang
Qian Yifeng (Appointed on 20 October 2011)

Independent Non-executive Directors

Henry Tan Song Kok
Loh Weng Whye
Lam Bing Lun Philip
Kong Siu Chee
Zhang Hao (Appointed on 13 February 2012)

At the forthcoming AGM, Mr. Mao Yiping, Mr. Lam Bing Lun Philip and Mr. Kong Siu Chee will be retiring by rotation pursuant to Article 86 of the Company's Articles of Association and Mr. Qian Yifeng and Mr. Zhang Hao will be retiring in accordance with Article 85(7) of the Company's Articles of Association. All of them, being eligible, have offered themselves for re-election.

Mr. Loh Weng Whye who will retire pursuant to Article 86 of the Company's Articles of Association at the forthcoming AGM, will not offer himself for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out from page 21 to page 27 in this Annual Report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the financial year.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

From the beginning of the year of 2011 to the date of this Annual Report, none of the Directors is considered to have an interest in the businesses, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

INTERESTS IN SIGNIFICANT CONTRACTS OF DIRECTORS, SUBSIDIARIES OF THE COMPANY AND CONTROLLING SHAREHOLDERS

Mr. Shi Jian and Mr. Li Yao Min, being executive Directors, are also executive directors of SRE. Other than Mr. Shi and Mr. Li, none of the remaining Directors has any appointment in SRE, a controlling shareholder of the Company.

Save as disclosed above and under the section headed "Connected Transaction" and "Continuing Connected Transaction" in this Report, none of the Directors, chief executives (direct or indirectly), subsidiaries of the Company or controlling shareholder of the Company and its subsidiaries had entered into any significant contract with the Group during the financial year.

MAJOR CUSTOMERS AND SUPPLIERS

We operate on a distinctive business model and the usual concept of customers under the Listing Rules is not applicable to us. We receive a significant portion of the land premium from the relevant PRC land authorities when they sell land use rights over the land we develop to third party property developers through public auction, tender or listing.

During the financial year, purchases from our single largest supplier accounted for approximately 28% of our total purchases, while purchases from our five largest suppliers accounted for approximately 72% of our total purchases. The Directors were not aware of any interests of any directors, their associates or any substantial shareholder (including any director who held more than 5% of the Company's share capital) in the 5 largest suppliers or customers.

PENSION SCHEMES

In Hong Kong, we operate a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of our employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to our profit and loss account as they become payable. Our contributions as employer vest fully with the employees when we contribute to the scheme. We contribute 5% of the relevant monthly salary to such scheme and our employees contribute the lower of HK$1,000 or 5% of their monthly salary to such scheme as employee mandatory contributions.

In the PRC, we participate in the relevant social insurance contribution plans organized by the relevant local governmental bodies. In accordance with relevant PRC laws, members of our Group operating in the PRC are required to pay a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance, occupational injury insurance and maternity (where applicable) for their relevant employees. We are also required by the relevant PRC regulations to register with a competent housing provident fund management center and make contributions to the respective housing provident funds for our employees.

Details of the employer's pension cost for the financial year are set out in note 28 of the consolidated financial statements in this Annual Report.

CORPORATE GOVERNANCE

The Company subscribes to best practice on corporate governance, and has complied with the principles and guidelines of the Singapore Code issued by the Corporate Governance Committee in Singapore and the code provisions of the HK Code set out in Appendix 14 of the Listing Rules throughout the financial year of 2011 except for the Guideline 2.1 of the Singapore Code, that the independent directors did not make up at least one-third of the Board, but subsequently appointed Mr. Zhang Hao on 13 February 2012 to fufill the requirement, and the Code provision E.1.2 of the HK Code, that the Chairman of the Board did not attend the AGM for the year 2011 due to other business commitment. The Co-Chief Executive Officer of the Board had attended in chairman's absence. Details of the Corporate Governance Report are set out from page 29 to page 40.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. The Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard set out in the Model Code during the financial year ended 31 December 2011.

The Company has received written annual confirmation from each Independent Non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all of its Independent Non-executive Directors to be independent of management and free of any relationship that could materially interfere with the exercise of their independent judgement.

CONTINUING CONNECTED TRANSACTIONS

On 7 July 2010, SGLD and SLMPM entered into the Property Management Agreement pursuant to which SLMPM agreed to continue to provide property management services to SGLD in respect of the Luodian New Town for a term from 1 July 2010 to 31 December 2012 at a fixed management fee of RMB869 thousand per month. Under the Property Management Agreement, SGLD provides premises with a gross floor area of 132.1 sq.m. to SLMPM for use as property management office free of charge. It is expected that the management fee payable by SGLD to SLMPM for the three years ending 31 December 2010, 2011 and 2012 will not exceed RMB9.9 million, RMB10.5 million, and RMB10.5 million respectively.

The HKEx has granted a waiver from the requirement to obtain independent shareholders' approval.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in above in accordance with the Rule 14A.38 of Listing Rules. A copy of the auditor's letter has been provided by the Company to the HKEx.

As SLMPM is a subsidiary of SRE, a controlling shareholder of the Company, pursuant to Rule 14A.37 of the Listing Rules, the Independent Non-executive Directors had reviewed this continuing connected transaction of the Group and confirmed was:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms; and

(3) in accordance with the service agreement, the terms are fair and reasonable and in the interests of the shareholders of the company as a whole.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Except as described in section headed "The Management Grant" of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 31 December 2011, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the HKEx pursuant to the Model Code were as follows:

(a) Long Position in shares of the Company

Name of Director	Number of ordinary shares Personal interests	Family interests	Corporate interests	Total	Approximate Percentage of the issued share capital
Shi Jian	–	–	2,658,781,817[(1)]	2,658,781,817	68.07%
Li Yao Min	4,147,500	–	–	4,147,500	0.11%
Yue Wai Leung Stan	3,555,000	–	–	3,555,000	0.09%
Gu Biya	2,100,000	–	–	2,100,000	0.05%
Mao Yiping	1,732,500	–	–	1,732,500	0.04%
Yang Yonggang	3,570,000	–	–	3,570,000	0.09%
Henry Tan Song Kok	100,000	–	–	100,000	0.003%
Loh Weng Whye	700,000	–	–	700,000	0.02%

(1) Mr. Shi Jian is deemed to be interested in Sinopower Investment Limited's ("Sinopower") entire shareholding in the Company by virtue of the fact that he is a controlling shareholder of SRE through SRE Investment Holding Limited ("SREI"). Mr. Shi Jian's spouse also has a negligible direct shareholding in SRE. At the beginning of the financial year, Sinopower held 2,396,781,817 ordinary shares and on 14 September 2011 had purchased 262,000,000 shares from OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd., OZ Global Special Investments Master Fund, L.P., Gordel Holdings Ltd., Goldman Sachs & Co. Profit Sharing Master Trust and OZ Select Master Fund, Ltd..

(b) Long Position in underlying shares of the Company

Pursuant to the Management Grant of the Company, certain Directors were granted share options to subscribe for the shares of the Company as follows and details are set out under the section headed "The Management Grant" in this Annual Report.

Name of Director	Number of Shares awarded under the Management Grant but not yet vested	Approximate percentage of the issued share capital
Li Yao Min	1,777,500	0.05%
Yue Wai Leung Stan	1,777,500	0.05%
Gu Biya	900,000	0.02%
Mao Yiping	742,500	0.02%
Yang Yonggang	1,530,000	0.04%

(c) Long Position in shares and underlying shares in associated corporations of the Company

Shares in SRE

Name of Director	Personal Interests	Family Interests	Corporate Interests	Total	Approximate Percentage of the issued share capital of associated corporation
Shi Jian	7,246,991	2,324(1)	2,590,127,604(2)	2,597,376,919	52,40%
Li Yao Min	5,172,324	–	–	5,172,324	0.10%

(1) These 2,324 shares were held by Ms. Si Xiao Dong, the spouse of Mr. Shi Jian.

(2) These 2,590,127,604 shares were held by SREI. As Mr. Shi Jian and his spouse, Ms. Si Xiao Dong together beneficially own 63% of the issued share capital of SREI, Mr. Shi is therefore taken to be interested in these 2,590,127,604 shares.

During the period between the end of the financial year and 21 January 2012, Mr. Shi Jian has purchased 5,760,000 shares in SRE through a series of transactions. Other than that, there was no change in any of the above mentioned interests. Except as disclosed in this Annual Report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Save as disclosed above, at 31 December 2011, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code or which were required to be entered in the register required to be kept under Section 352 of the SFO.

CNTD SHARE OPTION SCHEME (the "Scheme")

(a) Purpose of the Scheme

The purpose of the Scheme is to provide the participants working for the interest of the Group with an opportunity to obtain equity interest in the Company, thus linking their interests with the interests of the Group and thereby providing them with incentives to work better for the interests of the Group and/or rewards for their contribution and support to the Group's success and development.

(b) Participants and Eligibility

The RC may, at its discretion, invite any executive or non-executive Directors including Independent Non-executive Directors or any employees (whether full-time or part-time) of any member of the Group or the parent group to take up share options to subscribe for Shares and in determining the basis of eligibility of the participants, the RC would take into account such factors as the RC may at its discretion consider appropriate.

Controlling shareholders and their spouse, child, adopted child, step-child, brother, sister and parent shall not be eligible to participate in the Scheme.

(c) Maximum Number of Shares available for Subscription

The Company shall not grant share options in aggregate exceed 390,584,117 shares of the Company, representing 10.0% of the total number of shares in issue as at the date of this Annual Report, unless the Company obtains an approval from its shareholders.

Notwithstanding the provision in above, all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 15.0% of the Shares in issue from time to time.

(d) Maximum Entitlement of Shares of Each Participant

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1.0% of the total number of shares in issue. The total number of shares issued and to be issued upon exercise of the options granted for any participant who is a substantial shareholder or an Independent Non-executive Director of the Company, or any of their respective associates, in the 12-month period shall not representing in aggregate more than 0.1% of the total number of shares in issue on the relevant date and having an aggregate value, based on the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the relevant date, in excess of HKD5 million.

(e) Period for Taking up an Option

The Scheme is subject to the administration of the RC. The RC would take into account the factors of in compliance with the listing requirements, the provision of the Scheme as the RC may at its discretion consider appropriate. As at the date of this Annual Report, the RC did not grant any option nor consider the terms and conditions of the grant of options since the adoption of the Scheme.

(f) Minimum Period for Holding an Option before Exercise

Subject to the terms and conditions upon which such option was granted, an option may be exercised by the original participant ("Grantee") at any time during the period to be determined by the RC at its absolute discretion and notified by the RC to each Grantee as being the period during which an option may be exercised and in any event, such period shall not commence until after the first anniversary of the date on which an offer is made to a participant ("Offer Date") and shall not be longer than 10 years from the Offer Date.

(g) Amount Payable an Acceptance of the Option

The option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the Grantee together with a remittance in favor of the Company of HKD1.00 by way of consideration for the granting thereof is received by the Company within the acceptance period. Such remittance shall in no circumstances be refundable or be considered as part of the subscription price.

(h) Exercise Price

The subscription price in respect of each share issued pursuant to the exercise of options granted shall be a price solely determined by the RC and shall be at least the highest of:

- The closing price of the shares as stated in the daily quotations sheet of the HKEx or the SGX-ST on the offer date (whichever is higher); and

- A price being the average of the closing prices of the shares as stated in the daily quotations sheet of the HKEx or the SGX-ST for the 5 business days immediately preceding the offer date (whichever is higher).

(i) Duration of the Scheme

The Scheme shall be valid and effective for a period of 10 years commenced since the adoption date of 3 September 2010.

During the financial year, no option of the Company or any corporation in the Group was granted under the Scheme. For the details of untaken up share options, please refer to the section headed "The Management Grant" in this Report of Directors.

DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the financial statements and except that Mr. Shi Jian, Mr. Li Yao Min, Mr. Shi Janson Bing, Ms. Song Yiqing, Ms. Gu Biya, Mr. Mao Yiping, Mr. Yang Yonggang and Mr. Qian Yifeng have an employment relationship with the Company, and have received remuneration in that capacity. The particulars of the service agreements and the appointment letters are set out below:

Name of Director	Date of service agreement(s)/ appointment letter(s)	Term	Fixed annual remuneration	Termination notice period/ payment in lieu of notice
Executive Directors				
Shi Jian	7 October 2010	22 October 2010 to 21 October 2013	HKD1 million	6 months
Li Yao Min	7 October 2010	22 October 2010 to 21 October 2013	HKD2 million	6 months
Yue Wai Leung Stan(1)	24 June 2011	1 July 2011 to 21 October 2013	HKD240,000 and increased to HKD3 million with effect from 1 July 2011	6 months
Shi Janson Bing	7 October 2010	22 October 2010 to 21 October 2013	HKD1 million plus RMB260,000	6 months
Song Yiqing	7 October 2010	22 October 2010 to 21 October 2013	HKD1.56 million with housing allowance of HKD300,000 plus RMB650,000	6 months
Gu Biya	7 October 2010	22 October 2010 to 21 October 2013	HKD1.5 million plus RMB260,000	6 months
Mao Yiping	7 October 2010	22 October 2010 to 21 October 2013	HKD1.5 million plus RMB260,000	6 months
Yang Yonggang	7 October 2010	22 October 2010 to 21 October 2013	HKD800,000 plus RMB130,000	6 months
Qian Yifeng	20 October 2011	20 October 2011 to 19 October 2014	HKD600,000	6 months
Independent Non-executive Directors				
Henry Tan Song Kok	7 October 2010	22 October 2010 to 21 October 2013	SGD80,000 plus a meeting allowance of SGD2,800	1 month
Loh Weng Whye	7 October 2010	22 October 2010 to 21 October 2013	SGD70,000 plus a meeting allowance of SGD2,800	1 month
Lam Bing Lun Philip	7 October 2010	22 October 2010 to 21 October 2013	SGD70,000 plus a meeting allowance of SGD2,800	1 month
Kong Siu Chee	7 October 2010	22 October 2010 to 21 October 2013	SGD70,000 plus a meeting allowance of SGD2,800	1 month
Zhang Hao(2)	13 February 2012	13 February 2012 to 21 October 2013	HKD260,000	1 month

(1) Mr. Yue Wai Leung Stan was re-designated from Non-independent Non-executive Director to Executive Director with effect from 1 July 2011.

(2) Mr. Zhang Hao was appointed as an Independent Non-executive Director with effect from 13 February 2012.

The remuneration of Mr. Yue Wai Leung Stan, Mr. Shi Janson Bing, Ms. Song Yiqing, Ms. Gu Biya, Mr. Mao Yiping, Mr. Yang Yonggang and Mr. Qian Yifeng are deducted by 10% with effect from January 2012. The duration is 6 months and the 13-month base pay remains unchanged. This decision was determined with reference to the Company's performance and profitability, as well as the remuneration benchmark in the industry and the prevailing market conditions.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

Save as disclosed below, the Directors are not aware of any other person (other than a Director or chief executive of the Company or his/her respective associate(s)) who, at 31 December 2011, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Section 336 of the SFO:

Long Position in the shares of the Company

Name of substantial shareholders	Capacity in which interests are held	Number of ordinary shares/ underlying shares	Approximate percentage of the issued share capital
Sinopower Investment Limited *(Note 1)*	Beneficial owner	2,658,781,817	68.07%
SRE Group Limited *(Note 1)*	Interest of controlled corporation	2,658,781,817	68.07%
SRE Investment Holding Limited *(Note 1)*	Interest of controlled corporation	2,658,781,817	68.07%

Note:

(1) A controlled corporation of Mr. Shi Jian, duplicate to those disclosed in the section "Securities Interests of Directors and Chief Executive" above.

RIGHTS TO SUBSCRIBE FOR SHARES

(i) The Management Grant

On 5 July 2007, the Board approved the award of a total of 28,500,000 ordinary shares of no par value ("Shares") following adjustments made pursuant to the sub-division of one Share into 75,000 Shares (the "Share Split") to certain of our Directors and employees as stated below (collectively, referred to as the "Entitled Persons"), as an incentive for their continued service to the Company (the "Management Grant"). The Management Grant was implemented on 5 July 2007.

On 9 July 2007, options on 28,500,000 unissued share with an exercise price of RMB8.00 per Share (before adjusting for the Share Split) were granted to the Entitled Persons.

In accordance with the terms of the Management Grant, the shares which are to be allotted will vest as follows:

a. 10% at the end of the 12th month after the date of listing of the Company on the Main Board of the SGX-ST;

b. 15% at the end of the 24th month after the date of listing of the Company on the Main Board of the SGX-ST;

c. 20% at the end of the 36th month after the date of listing of the Company on the Main Board of the SGX-ST;

d. 25% at the end of the 48th month after the date of listing of the Company on the Main Board of the SGX-ST; and

e. the remaining 30% at the end of the 60th month after the date of listing of the Company on the Main Board of the SGX-ST,

provided that the relevant Entitled Persons remain in service within the Group on the vesting day and he/she has not submitted a notice of resignation. The exercise price is RMB8.00 per Share (before adjusting for the Share Split).

On 6 April 2011 and 22 December 2011, 4,905,000 and 6,131,250 new shares were issued to the Entitled Persons respectively.

Number of shares subject to options under the Management Grant

Name of Entitled Persons	Share Options granted	Movement during the financial year						Share options exercisable as at 31.12.2011	Aggregate unreleased Share options
		At 1.1.2011	Granted	Exercised	Cancelled	Lapsed	At 31.12.2011	*Deemed Interest*	
Directors									
Li Yao Min	5,925,000	1,481,250	–	2,666,250	–	–	4,147,500	–	1,777,500
Yue Wai Leung Stan	5,925,000	888,750	–	2,666,250	–	–	3,555,000	–	1,777,500
Gu Biya	3,000,000	750,000	–	1,350,000	–	–	2,100,000	–	900,000
Mao Yiping	2,475,000	618,750	–	1,113,750	–	–	1,732,500	–	742,500
Yang Yonggang	5,100,000	1,275,000	–	2,295,000	–	–	3,570,000	–	1,530,000
Employees									
Tai Kuo-Lin	1,875,000	468,750	–	843,750	–	–	1,312,500	–	562,500
Sun Xiaomeng	225,000	56,250	–	101,250	–	–	157,500	–	67,500

Other information required by the Listing Manual of the SGX-ST

In addition to the information disclosed elsewhere in the Annual Report, that during the financial year:

(a) The RC administering the Management Grant and CNTD Share Option Scheme comprised Mr. Kong Siu Chee, Mr. Loh Weng Whye, Mr. Lam Bing Lun Philip and Mr. Henry Tan Song Kok.

(b) No options were granted to the controlling shareholders of the Company or their associates.

(c) No employees of the Company or its related corporations have received 5% or more of the total Shares available under the Management Grant nor CNTD Share Option Scheme.

(d) Details of options granted to participants who are directors of the Company are disclosed under the section headed "The Management Grant" and no participant received 5% or more of the total numbers of Shares.

(ii) Options to Take Up Unissued Shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted, except for the Management Grant.

(iii) Options Exercised

On 6 April 2011 and 22 December 2011, there were 4,905,000 and 6,131,250 shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(iv) Unissued Shares

At the end of the financial year, there are 7,357,500 unissued shares of the Company in relation to the Management Grant.

AUDIT COMMITTEE

The Audit Committee comprises the following members:

Henry Tan Song Kok *(Lead Independent Non-executive Director)*
Lam Bing Lun Philip *(Independent Non-executive Director)*
Loh Weng Whye *(Independent Non-executive Director)*

The Audit Committee has recommended to the Board the nomination of EY for re-appointment as Company's external auditor at the forthcoming AGM of the Company.

The functions performed by the Audit Committee are detailed in the Corporate Governance Report.

AUDITORS

The consolidated financial statements for the financial year ended 31 December 2011 have been audited by EY who retire and, being eligible, offer themselves for re-appointment at the 2012 AGM. A resolution to re-appoint them as the auditors of the Company and to authorise the Directors to fix their remuneration will be proposed at the 2012 AGM.

On behalf of the Board of Directors

Shi Jian
Executive Chairman

Li Yao Min
Co-Chairman & Chief Executive Officer

8 March 2012

Statement by Directors

We, Shi Jian and Song Yiqing, being two of the Directors of China New Town Development Company Limited, do hereby state that, in the opinion of the Directors:

a. The consolidated financial statements of the Group and the financial statements of the Company together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and of the results and changes in equity and cash flows of the Group and the changes in the equity of the Company for the financial year ended on that date; and

b. At the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Shi Jian
Executive Chairman

Song Yiqing
Director

8 March 2012

Independent Auditors' Report

To the shareholders of China New Town Development Company Limited
(Incorporated in the British Virgin Islands with limited liability)

We have audited the consolidated financial statements of China New Town Development Company Limited (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated and company statements of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and of the Group as at 31 December 2011, and the Group's performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
8 March 2012

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2011

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	Year ended 31 December 2011	Year ended 31 December 2010
Revenue	6	**640,532**	1,479,889
Cost of sales	7	**(303,665)**	(567,278)
Gross profit		**336,867**	912,611
Other income	6	**26,355**	13,130
Selling and distribution costs	7	**(161,369)**	(65,223)
Administrative expenses	7	**(136,055)**	(178,224)
Other expenses	6	**(222,544)**	(44,544)
Loss on the repurchase of Senior Notes		**–**	(4,177)
Fair value (loss)/gain on completed investment properties	14	**(24,107)**	16,168
Fair value loss on investment properties under construction	14	**(9,264)**	(1,723)
Operating (loss)/profit		**(190,117)**	648,018
Finance costs	8	**(48,648)**	(97,861)
Share of losses from jointly-controlled entities	4(b)	**(891)**	–
(Loss)/profit before tax		**(239,656)**	550,157
Income tax	9	**6,476**	(188,575)
(Loss)/profit after tax		**(233,180)**	361,582
Other comprehensive income		**–**	–
Total comprehensive income		**(233,180)**	361,582
(Loss)/profit attributable to:			
Owners of the parent		**(200,727)**	246,794
Non-controlling interests		**(32,453)**	114,788
		(233,180)	361,582
Total comprehensive income attributable to:			
Owners of the parent		**(200,727)**	246,794
Non-controlling interests		**(32,453)**	114,788
		(233,180)	361,582
(Loss)/earnings per share attributable to ordinary equity holders of the parent (RMB per share):	12		
Basic (loss)/earnings per share		**(0.0514)**	0.0678
Diluted (loss)/earnings per share		**(0.0514)**	0.0644

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2011

(All amounts expressed in RMB'000 unless otherwise specified)

		Group		Company	
	Notes	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Assets					
Non-current assets					
Investments in subsidiaries	3	**–**	–	**2,591,259**	2,617,549
Investment in an associate	4(a)	**200**	200	**–**	–
Investments in jointly-controlled entities	4(b)	**39,109**	–	**–**	–
Property, plant and equipment	13	**1,324,933**	1,175,322	**134**	198
Completed investment properties	14	**684,000**	679,000	**–**	–
Investment properties under construction	14	**100,000**	95,000	**–**	–
Prepaid land lease payments	15	**239,555**	236,285	**–**	–
Non-current prepayments	18	**510,000**	–	**–**	–
Non-current trade receivables	19	**69,903**	93,257	**–**	–
Deferred tax assets	9	**131,823**	120,010	**–**	–
Other assets		**47,475**	48,476	**–**	–
Total non-current assets		**3,146,998**	2,447,550	**2,591,393**	2,617,747
Current assets					
Land development for sale	16	**4,998,936**	3,590,414	**–**	–
Properties under development for sale	17	**994,202**	74,094	**–**	–
Prepaid land lease payments	15	**796,890**	326,232	**–**	–
Inventories		**4,922**	4,032	**–**	–
Amounts due from subsidiaries		**–**	–	**398,545**	496,312
Prepayments	18	**38,668**	254,155	**–**	–
Other receivables	18	**32,595**	368,434	**2**	4
Trade receivables	19	**65,432**	485,890	**–**	26
Cash and bank balances	20	**537,387**	1,381,049	**9,349**	102,730
Total current assets		**7,469,032**	6,484,300	**407,896**	599,072
Total assets		**10,616,030**	8,931,850	**2,999,289**	3,216,819
Equity and liabilities					
Equity					
Equity attributable to owners of the parent:					
Share capital	21	**2,801,180**	2,778,853	**2,801,180**	2,778,853
Other reserves	22	**591,731**	608,807	**1,925,144**	1,942,220
Accumulated losses		**(904,340)**	(641,653)	**(1,937,702)**	(1,679,381)
		2,488,571	2,746,007	**2,788,622**	3,041,692
Non-controlling interests		**537,075**	551,519	**–**	–
Total equity		**3,025,646**	3,297,526	**2,788,622**	3,041,692

Statements of Financial Position

As at 31 December 2011

(All amounts expressed in RMB'000 unless otherwise specified)

		Group		Company	
	Notes	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Non-current liabilities					
Interest-bearing bank and other borrowings	23	**2,383,100**	1,698,300	**–**	–
Deferred income from sale of golf club membership	24	**521,885**	538,176	**–**	–
Deferred tax liabilities	9	**21,151**	19,625	**–**	–
Total non-current liabilities		**2,926,136**	2,256,101	**–**	–
Current liabilities					
Interest-bearing bank and other borrowings	23	**757,243**	470,289	**162,253**	170,299
Trade payables	25	**2,086,912**	917,806	**–**	–
Other payables and accruals	25	**602,570**	569,771	**3,704**	4,828
Amounts due to related parties	26	**53,548**	–	**44,710**	–
Advances from customers	27	**46,906**	5,523	**–**	–
Deferred income arising from land development	24	**594,968**	895,670	**–**	–
Current income tax liabilities		**522,101**	519,164	**–**	–
Total current liabilities		**4,664,248**	3,378,223	**210,667**	175,127
Total liabilities		**7,590,384**	5,634,324	**210,667**	175,127
Total equity and liabilities		**10,616,030**	8,931,850	**2,999,289**	3,216,819
Net current assets		**2,804,784**	3,106,077	**197,229**	423,945
Total assets less current liabilities		**5,951,782**	5,553,627	**2,788,622**	3,041,692

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Mr. Shi Jian
Executive Chairman

Ms. Song Yiqing
Chief Financial Officer

(All amounts expressed in RMB'000 unless otherwise specified)

Group

	Notes	Share capital	Treasury shares	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
		Equity attributable to owners of the parent						
As at 1 January 2010	21/22	2,497,385	(37,294)	749,001	(836,166)	2,372,926	436,231	2,809,157
Total comprehensive income		–	–	–	246,794	246,794	114,788	361,582
Equity-settled share options to management	22/28	–	–	5,574	–	5,574	–	5,574
Shares issued and treasury shares used upon exercise of management share options granted under Management Stock Option Plan ("Management Grant")	21/22	5,592	2,761	(8,353)	–	–	–	–
Changes in non-controlling interests due to disposal of a subsidiary		–	–	–	–	–	500	500
Shares issued upon CB3 conversion	21/22	283,696	–	(137,415)	–	146,281	–	146,281
Dividends	10	–	–	–	(52,281)	(52,281)	–	(52,281)
Sale of treasury shares	21	(7,820)	34,533	–	–	26,713	–	26,713
As at 31 December 2010	21/22	2,778,853	–	608,807	(641,653)	2,746,007	551,519	3,297,526
Total comprehensive income		**–**	**–**	**–**	**(200,727)**	**(200,727)**	**(32,453)**	**(233,180)**
Equity-settled share options to management	22/28	**–**	**–**	**5,249**	**–**	**5,249**	**–**	**5,249**
Shares issued upon exercise of management share options granted under Management Grant	21/22	**22,327**	**–**	**(22,325)**	**–**	**2**	**–**	**2**
Capital contribution from non-controlling interests of subsidiaries		**–**	**–**	**–**	**–**	**–**	**18,009**	**18,009**
Dividends	10	**–**	**–**	**–**	**(61,960)**	**(61,960)**	**–**	**(61,960)**
As at 31 December 2011	21/22	**2,801,180**	**–**	**591,731**	**(904,340)**	**2,488,571**	**537,075**	**3,025,646**

Statements of Changes in Equity

For the financial year ended 31 December 2011

(All amounts expressed in RMB'000 unless otherwise specified)

Company

	Notes	Share capital	Treasury shares	Other reserves	Accumulated losses	Total
As at 1 January 2010	21/22	2,497,385	(37,294)	2,082,414	(1,580,229)	2,962,276
Total comprehensive income	11	–	–	–	(46,871)	(46,871)
Equity-settled share options to management	22/28	–	–	5,574	–	5,574
Shares issued and treasury shares used upon exercise of management share options granted under Management Grant	21/22	5,592	2,761	(8,353)	–	–
Shares issued upon CB3 conversion	21/22	283,696	–	(137,415)	–	146,281
Dividends	10	–	–	–	(52,281)	(52,281)
Sale of treasury shares	21	(7,820)	34,533	–	–	26,713
As at 31 December 2010	21/22	2,778,853	–	1,942,220	(1,679,381)	3,041,692
Total comprehensive income	11	**–**	**–**	**–**	**(196,361)**	**(196,361)**
Equity-settled share options to management	22/28	**–**	**–**	**5,249**	**–**	**5,249**
Shares issued upon exercise of management share options granted under Management Grant	21/22	**22,327**	**–**	**(22,325)**	**–**	**2**
Dividends	10	**–**	**–**	**–**	**(61,960)**	**(61,960)**
As at 31 December 2011	21/22	**2,801,180**	**–**	**1,925,144**	**(1,937,702)**	**2,788,622**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2011

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	Year ended 31 December 2011	Year ended 31 December 2010
Cash flows from operating activities			
(Loss)/profit before tax		**(239,656)**	550,157
Adjustments for:			
Depreciation of property, plant and equipment	13	**54,408**	60,181
Amortisation of prepaid land lease payments	15	**4,158**	9,246
Loss on disposal of property, plant and equipment		**–**	17,317
Fair value loss/(gain) on completed investment properties	14	**24,107**	(16,168)
Fair value loss on investment properties under construction	14	**9,264**	1,723
Loss on disposal of a subsidiary		**–**	636
Loss on the repurchase of Senior Notes		**–**	4,177
Share of losses from jointly-controlled entities	4(b)	**891**	–
Management share option expense	22	**5,249**	5,574
Expenses incurred for the listing of existing shares	7	**–**	32,058
Interest income	6	**(17,559)**	(9,752)
Interest expense	8	**48,648**	97,861
Exchange gain		**(8,046)**	–
		(118,536)	753,010
(Increase)/decrease in land development for sale		**(1,376,981)**	83,147
Increase in properties under development for sale		**(855,743)**	(68,459)
Increase in prepaid land lease payments		**(476,947)**	(17,112)
Increase in inventories		**(890)**	(266)
Decrease in amounts due from related parties		**–**	47,003
Decrease/(increase) in prepayments		**215,487**	(248,000)
Decrease in other receivables and assets		**336,840**	15,000
Decrease/(increase) in trade receivables		**443,812**	(149,370)
Decrease in deferred income from sale of golf club membership		**(16,291)**	(24,499)
(Decrease)/increase in deferred income arising from land development		**(300,702)**	255,730
Increase in advances from customers		**41,383**	1,274
Increase/(decrease) in trade and other payables		**1,174,221**	(326,695)
Increase/(decrease) in amounts due to related parties		**2,238**	(12)
Net cash (outflow)/inflow from operating activities		**(932,109)**	320,751

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2011

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	Year ended 31 December 2011	Year ended 31 December 2010
Cash flows from investing activities			
Purchases/construction of property, plant and equipment		**(644,081)**	(58,020)
Proceeds from disposal of property, plant and equipment		**272**	785
Payments for land use rights		**–**	(232)
Payments for investment properties		**(66,312)**	(121,985)
Disposal of a subsidiary		**–**	(336)
Investments in jointly-controlled entities		**(40,000)**	–
Interest received		**17,559**	6,109
Net cash outflow from investing activities		**(732,562)**	(173,679)
Cash flows from financing activities			
Sale of treasury shares	21	**–**	26,713
Capital contributions from non-controlling shareholders of subsidiaries		**18,009**	–
Cash received upon exercise of management share options granted under Management Grant	22	**2**	–
Proceeds from bank and other borrowings		**1,278,600**	320,299
Repayment of bank borrowings		**(300,000)**	(310,010)
Proceeds of borrowings from related parties		**151,310**	–
Repayment of borrowing from a related party		**(100,000)**	–
Cash paid for the repurchase of Senior Notes		**–**	(90,332)
Cash released from restricted deposits in relation to interest payments for bank borrowings		**24,000**	7,759
Cash placed as restricted deposits in relation to interest payments for bank borrowings		**–**	(178,000)
Interest paid		**(160,800)**	(141,877)
Dividends paid		**(61,960)**	(52,281)
Payments of expenses incurred for the listing of existing shares		**(4,152)**	(27,906)
Net cash inflow/(outflow) from financing activities		**845,009**	(445,635)
Net decrease in cash and cash equivalents		**(819,662)**	(298,563)
Cash and cash equivalents at beginning of year		**1,167,049**	1,465,612
Cash and cash equivalents at end of year	20	**347,387**	1,167,049

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(All amounts expressed in RMB'000 unless otherwise specified)

1. Corporate information

Corporate information

China New Town Development Company Limited (the "Company") was incorporated on 4 January 2006 in the British Virgin Islands ("BVI") by one shareholder. After a series of reorganisations, on 14 November 2007, the Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 22 October 2010, the Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited ("HKEx") by way of introduction. As a result, the Company is dual listed on the Main Board of both the SGX-ST and the HKEx.

The Company with its subsidiaries (the "Group") is a new town developer in Mainland China and is principally engaged in planning and developing large-scale new towns in China's largest cities of which the activities include designing the master plan, relocating and resettling incumbent residents and businesses, clearing and preparing the land and installing infrastructure. Land use rights to the residential parcels in the new towns developed by the Group are then sold by the relevant land authorities to real estate property developers, the proceeds of which are apportioned to the Group on specified bases. The Group also develops or manages some residential and commercial properties in those new towns.

Subsidiaries

The principal activities of the subsidiaries are disclosed in Note 3 below.

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and investment properties under construction that have been measured at fair value. The financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ('000) unless otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2011. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(All amounts expressed in RMB'000 unless otherwise specified)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

Operating cycle

The operating cycle of the Group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Due to the nature of the Group's business, the Group's normal operating cycle is longer than twelve months. The Group's current assets include assets (such as land development for sale and properties under development for sale) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the end of the reporting period, in accordance with IFRS.

2.2 Changes in accounting policy and disclosures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRSs and IFRIC interpretations effective as at 1 January 2011:

IAS 24	Related Party Disclosures (amendment)
IAS 32	Financial Instruments: Presentation (amendment)
IFRS 1	Limited Exemption from Comparative IFRS Disclosures for First-time Adopters (amendment)
IFRIC 14	Prepayments of a Minimum Funding Requirement (amendment)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to IFRSs (May 2010)	

The adoption of the standards or interpretations is described below:

IAS 24 – Related Party Transactions (Amendment)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly-controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any significant impact on the financial position or performance of the Group.

(All amounts expressed in RMB'000 unless otherwise specified)

2.2 Changes in accounting policy and disclosures (continued)

IAS 32 – Financial Instruments: Presentation (Amendment)

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no significant effect on the financial position or performance of the Group.

IFRS 1 – Amendment: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters

IFRS 1 Amendment relieves first-time adopters of IFRSs from providing the additional disclosures introduced in 2009 by Improving Disclosures about Financial Instruments (Amendments to IFRS 7). It thereby ensures that first-time adopters benefit from the same transition provisions that Amendments to IFRS 7 provide to current IFRS preparers. The amendment did not have significant impact on the Group's financial statements.

IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The amendment of the interpretation has no significant effect on the financial position nor performance of the Group.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation had no significant effect on the financial statements of the Group.

Improvements to IFRSs

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of these amendments had no significant effect on the Group's financial position or performance.

(All amounts expressed in RMB'000 unless otherwise specified)

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Information:

(i) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at each of the reporting dates, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

(i) Estimate of fair value of investment properties

Investment properties were revalued at the end of each reporting period using the income approach on the basis of capitalisation of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property interest by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

Investment properties under construction are also carried at fair value as determined by independent professional qualified valuers, except if such values cannot be reliably determined. In the exceptional cases when a fair value cannot be reliably determined, such properties are recorded at cost. The fair value of investment properties under construction is determined using the residual method.

For details of change in fair values of investment properties and investment properties under construction in 2011, please see Note 14.

(ii) Carrying amount of land development for sale and properties under development for sale

The Group's land development for sale and properties under development for sale are stated at the lower of cost and net realisable value.

Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land infrastructure and attributable to ancillary public facilities and infrastructure, and its net realisable value, i.e., the revenue to be derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue from the sale of land development for sale based on prevailing market conditions.

(All amounts expressed in RMB'000 unless otherwise specified)

2.3 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

(ii) Carrying amount of land development for sale and properties under development for sale (continued)

The costs of properties under development for sale comprise specifically identified cost, including acquisition costs, development expenditures and borrowing costs and other related expenditure directly attributable to the development of such properties. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of land development for sale and properties under development for sale over their net realisable values should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for land development for sale and properties under development for sale in the periods in which such estimate is changed will be adjusted accordingly.

Pursuant to an agreement reached with local government in December 2011, the Group needed to increase its estimated relocation compensation costs (to incumbent residents) by RMB600 million in Luodian New Town. As a result, the unit cost for land development (estimated based on budgeted cost of services over relevant area) in Luodian New Town was increased from RMB2,057 to RMB2,845 per square metre prospectively since December 2011.

(iii) Deferred tax assets and liabilities

Deferred tax assets are recognised for deductible temporary differences, carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for taxable temporary differences. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Where the actual or expected tax positions of the relevant companies of the Group in future are different from the original estimates, such differences will impact on the recognition of deferred tax assets and liabilities and income tax charge in the period in which such estimate has been changed.

For details of deferred tax assets and liabilities, please see Note 9.

(iv) Impairment of receivables

Impairment of receivables is made based on assessment of the recoverability of receivables. The identification of impairment of receivables requires management's judgements and estimates. Where the actual outcome or expectation in future is different from the original estimation, such difference will have impact on the carrying value of the receivables and impairment of receivables/reversal of impairment in the period in which such estimate has been changed.

For details of estimated impairment of receivables in 2011, please see items (b) and (c) in Note 18.

(All amounts expressed in RMB'000 unless otherwise specified)

2.3 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

(v) Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. Such estimates could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or management will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in Note 2.4. The recoverable amount of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and the value in use, where the calculations of which involve the use of estimates.

For details of estimated balance of impairment of property, plant and equipment, please see Note 13.

(vi) Measurement of revenue from land development

Revenue from the development of land infrastructure and ancillary public facilities (owned by the local governments) within the districts where the Group runs its businesses is allocated and recognised separately. The allocation of revenue from the land development to land infrastructure and ancillary public facilities is based on their relative fair values of the construction works, determined by reference to the relative estimated construction costs of each component, as the nature of construction works for the components are similar.

Revenue attributable to land infrastructure is recognised in full upon the sale of the relevant land use rights and the specific construction works are completed. However, revenue attributable to ancillary public facilities is recognised for the portions of ancillary public facilities completed at the sale of the land. The remaining revenue attributable to uncompleted portions of ancillary public facilities is recognised as deferred revenue as a current liability in the statements of financial position, and will be recognised as revenue when the related construction works are completed.

In March 2011, a supplementary agreement was reached between Shanghai Golden Luodian Development Co., Ltd. ("SGLD") and the People's Government of Shanghai Baoshan District regarding the percentage of land sale proceeds that SGLD is entitled to on the sale of land in the Luodian New Town. According to the agreement, SGLD's share of land sales proceeds was reduced by 15% to approximately 48% from 1 January 2011 onwards. The accounts receivable, deferred revenue and revenue recognized before 2011 were not affected, and the Group's revenue from share of land sale proceeds in 2011 was properly recognized in the financial statements based on the supplementary agreement. This agreement did not affect the Group's entitlement to proceeds from sale of land other than that located in Luodian New Town.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies

Subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership, that is controlled by the Group. The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivables. In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

Investments in associates

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate less any impairment losses. Goodwill, if any, relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of associates is shown on the face of the consolidated statement of comprehensive income. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the investor. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Investments in jointly-controlled entities

The Group's investments in its joint-controlled entities are accounted for using the equity method. A jointly-controlled entity is an entity that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

Under the equity method, the investments in jointly-controlled entities are stated in the statement of financial position at the Group's share of net assets, less any impairment losses. Goodwill, if any, relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the share of the results of operations of the jointly-controlled entities. Where there has been a change recognised directly in the equity of the jointly-controlled entities, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the jointly-controlled entities are eliminated to the extent of the interest in the jointly-controlled entities.

The Group's share of profit or loss of jointly-controlled entities is shown on the face of the consolidated statement of comprehensive income. This is the profit after tax attributable to equity holders of the jointly-controlled entities. The financial statements of the jointly-controlled entities are prepared for the same reporting period as the investor. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of joint control, the Group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former jointly-controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal are recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. The Group determines the classification of financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Financial assets (continued)

The subsequent measurement of financial assets depends on their classification as described below.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of comprehensive income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Financial assets (continued)

(c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs.

(d) Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the statement of comprehensive income in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent significantly changes to do so in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or maturity. The reclassification to hold to maturity is permitted only when the entity has the ability and intent to hold until the maturity date of financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to the statement of comprehensive income.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include:

- Using recent arm's length market transactions;
- Reference to the current market value of another instrument which is substantially the same;
- A discounted cash flow analysis or other valuation models.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognised in the statement of comprehensive income. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of that financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

(b) Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of comprehensive income. Increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of comprehensive income, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, amounts due to related parties, interest-bearing loans and borrowings, etc., are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in profit or loss.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Convertible bonds

When the equity conversion options embedded in the convertible bonds issued by the Company are not equity instruments of the Company, the entire convertible bonds are accounted for as a financial liability, i.e., a host debt instrument with embedded derivatives. On initial recognition, the entire convertible bond is, either designated as a financial liability at fair value through profit and loss, or the embedded derivatives are separated from the host debt instrument. If separated from the host debt, the embedded derivatives are accounted for as a financial liability at fair value through profit or loss and are remeasured in subsequent years and the host debt (i.e. the remaining portion of the convertible bond) measured at amortised cost. Transaction costs are apportioned between the host debt and derivative components of the convertible bonds based on the allocation of proceeds to the host debt and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the host debt is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

When the equity conversion options embedded in the convertible bonds are equity instruments of the Company, they are classified as equity and presented separately from the liability components (including any derivatives embedded in the convertible bonds other than the equity component) of the convertible bonds. The carrying amount of such convertible bonds is allocated to its equity and liability components. The equity component is assigned the residual amount after deducting from the fair value of the convertible bonds as a whole the amount determined for the liability components, hence, no gain or loss arises from separation of the equity and liability components of the convertible bonds. After separation of equity and liability components, the derivatives, if any, embedded in the liability components of the convertible bonds, are accounted for as a financial liability at fair value through profit or loss. The host debt instrument is initially recognised at fair value net of related transaction costs, and is subsequently measured at amortised cost.

When the Company extinguishes convertible bonds before maturity through an early redemption or repurchase in which the original conversion privileges are unchanged, the Company allocates the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the convertible bonds at the date of the transaction. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with that used in the original allocation to the separate components of the proceeds received by the Company when the convertible bonds were issued. Once the allocation of the consideration is made, the amount of gain or loss relating to the liability component is recognised in profit or loss and the amount of consideration relating to the equity component is recognised in equity.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress ("CIP"), are stated at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value (10% of the cost) over its estimated useful life. The estimated useful lives for this purpose are as follows:

Hotel properties	Building 30 years, equipment 10 years, fixtures and fittings 5 years
Golf operational assets	Golf course between 40 and 50 years, club buildings 30 years, club equipment 10 years, club fixtures and fittings 5 years
Other buildings	20 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation (continued)

When parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted prospectively if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the fair value less cost to sell and the carrying amount of the relevant asset.

CIP represents buildings under construction and is stated at cost less any impairment in value, and is not depreciated. Cost mainly comprises the direct costs during the period of construction and capitalised interest. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment property comprises completed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met and it is accounted for as a finance lease.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of comprehensive income in the year in which they arise.

Investment properties under construction are stated at fair value with changes in fair values recognised in profit or loss.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in profit or loss in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Land development for sale

Development cost of land development for sale comprises the aggregate cost of development, materials and supplies, capitalised borrowing costs on related borrowing funds during the period of construction and other costs directly attributable to such land development for sale.

Land development for sale is stated at the lower of cost and net realisable value. Net realisable value takes into account the Group's share of proceeds derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land development for sale based on prevailing market conditions.

Properties under development for sale

Properties under development for sale are included in current assets at the lower of cost and net realisable value.

The costs of properties under development for sale comprise specifically identified cost, including acquisition costs, development expenditures and borrowing costs and other related expenditure directly attributable to the development of such properties. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than land development for sale, inventories, deferred tax assets, financial assets, investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost. The subsequent measurement of prepaid land lease payments is as follows:

i) Prepaid land lease payments incurred for properties other than investment properties and investment properties under construction (after the adoption of IAS 40 revised), they are amortised over the lease terms on the straight-line basis. The amortisation during the period of construction of the properties is capitalised as the cost of properties under development. The amortisation during the period before the commencement and after the completion of the construction of the properties is expensed in profit or loss.

ii) Prepaid land lease payments included in investment properties and investment properties under construction (after the adoption of IAS 40 revised) are not amortised as they are stated at fair value.

Inventories

Inventories, which mainly refer to supplies and low-value consumables used in hotel and golf course operations, are accounted for at cost when purchased. Cost of supplies is determined using the first-in, first-out method. Low-value consumables relating to golf course and hotel operations are expensed in full when issued for use.

Inventories are valued at the lower of cost and net realisable value at the end of the reporting period. Net realisable value is the estimated selling price in the ordinary course of business, less estimated expenses and related taxes necessary to make the sales. The net realisable value is determined based on contract prices or market prices.

Any excess of cost over the net realisable value of individual items of inventories is recognised as an allowance.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statements of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted to use.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of comprehensive income.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

Revenue from land development

The Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities (owned by the local governments) within the districts where the Group runs its businesses. When the land plots are sold by the local governments to land buyers through public auction, tender or listing, the Group is entitled to receive from the local governments a proportion of the proceeds from land sales (including related public utilities fees, if any). As ancillary public facilities are separately identifiable from land infrastructure, such proceeds to be received by the Group are allocated between land infrastructure and ancillary public facilities based on their relative fair values.

Revenue from the land development is recognised upon the transfer of risks and rewards in connection with the land development and when the amount of revenue can be measured reliably, which occurs upon the completion of related construction works as well as sales of land. Accordingly, at the time of the sales of land, proceeds allocated to the completed land infrastructure and completed ancillary public facilities are recognised as revenue, and proceeds allocated to uncompleted construction works are deferred and recognised as revenue when the related construction works are completed.

Sale of development properties

Revenue from the sale of properties is recognised upon completion of a sale agreement, which refers to the time when properties are completed and delivered to the buyers. Deposits and instalments received on properties sold prior to completion of the respective sale agreements are included as advances received from the pre-sale of properties under development.

Hotel operations revenue

Hotel operations revenue represents the income from hotel and convention center rooms and conference facilities, and the sale of related food and beverages, which is recognised when the services are rendered or goods are sold.

Golf course operations revenue

Golf course operations revenue represents the income from the annual fees, the usage of golf courses and ancillary equipment, the provision of golf services, and the provision of golf equipment, food and beverages, etc., which is recognised when the services are rendered or goods are sold.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Golf club membership revenue

Golf club membership entitles the members to golf operations related services provided during the membership period or to purchase goods or services at prices lower than those charged to non-members. Golf club membership revenue is recognised on the straight-line basis which reflects the expected period when the benefits are provided.

Operating lease income

Operating lease income from investment properties is recognised on the straight-line basis over the lease term, which is the non-cancellable period for which the lessee has contracted to lease the properties together with any further terms for which the lessee has the option to continue to lease the properties, with or without further payments, when at the inception of the lease, it is reasonably certain that the lessee will exercise the option.

Property management revenue

Property management revenue is recognised in the periods when the services are rendered.

Interest income

Interest income is recognised on a time proportion basis using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Other borrowing costs are recognised as expenses when incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of fund. The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a sit of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate the same taxable entity and the same taxation authority.

Dividends

When dividends have been approved by the directors and shareholders and declared, they are recognised as a liability.

Employee retirement benefits

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in the PRC (the "PRC group companies") have participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the PRC group companies are required to contribute a certain percentage of the salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred.

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by the Company with assistance from the valuer using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Share-based payment transactions (continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share, where appropriate.

Foreign currency translation

The Financial Information is presented in RMB which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. All transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating to those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the statement of financial position of the Group.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 Summary of Significant Accounting Policies (continued)

Government grants

Government grants (including non-monetary grants) are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the grant is deducted from the relevant asset before arriving at the carrying amount of the asset. The grant is recognised in the statement of comprehensive income over the time of asset realisation by way of a reduced cost of assets' charge. Grants received in connection with the Group's role in planning and constructing the ancillary public facilities are deducted from the development cost of the ancillary public facilities and would be recognised indirectly in the form of an increased profit margin over the course of recognising revenue in connection with the ancillary public facilities services.

2.5 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt those standards when they become effective.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

The amendment becomes effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has there no significant impact on the Group's financial position or performance.

IAS 12 Income Taxes – Recovery of Underlying Assets

The amendment becomes effective for annual periods beginning on or after 1 January 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Currently, it is expected that the amendment would have no significant impact on the Group's financial statements.

IAS 19 Employee Benefits (Amendment)

The amendment becomes effective for annual periods beginning on or after 1 January 2013. The Amendment includes numerous changes to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Currently, it is expected that the amendment has no significant impact on the Group's financial statements.

IAS 27 Separate Financial Statements (as revised in 2011)

The amendment becomes effective for annual periods beginning on or after 1 January 2013. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly-controlled entities, and associates in separate financial statements. Currently, it is expected that the amendment would have no significant impact on the Group's financial statements.

(All amounts expressed in RMB'000 unless otherwise specified)

2.5 Standards issued but not yet effective (continued)

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

The amendment becomes effective for annual periods beginning on or after 1 January 2013. As a consequence of the new IFRS 11 and IFRS 12. IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Currently, it is expected that the amendment would have no significant impact on the Group's financial statements.

IAS 32 Amendment: Offsetting financial assets and financial liabilities and IFRS 7 Amendment – Disclosure: Offsetting financial assets and financial liabilities

The amendments are effective for annual periods beginning on or after 1 January 2014. The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. Additional disclosure requirements are introduced accordingly in IFRS 7 Amendment to help investors and other financial statement users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. Currently, it is expected that the amendment would have no significant impact on the Group's financial statements.

IFRS 1 Amendment: Severe Hyperinflation and Removal of Fixed Rates for First-Time Adopters

The amendment to IFRS 1 is effective for annual periods beginning on or after 1 July 2011. The amendment introduces a new deemed cost exemption for entities that have been subject to severe hyperinflation. They also remove the fixed dates in IFRS 1 relating to derecognition and day one gain or loss transactions. The amendment is expected to have no significant impact on the financial statements of the Group.

IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

IFRS 9 Financial Instruments

The standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2012. The Group will quantify the effect of adoption of the first phase of IFRS 9 in conjunction with the other phases, when issued, to present a comprehensive picture.

(All amounts expressed in RMB'000 unless otherwise specified)

2.5 Standards issued but not yet effective (continued)

IFRS 10 Consolidated Financial Statements

This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation – Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

IFRS 11 Joint Arrangements

This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers.

IFRS 11 removes the option to account for jointly-controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

IFRS 12 Disclosure of Involvement with Other Entities

This standard becomes effective for annual periods beginning on or after 1 January 2013. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

IFRS 13 Fair Value Measurement

This standard becomes effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 becomes effective for annual periods beginning on or after 1 January 2013. IFRIC 20 addresses the recognition of waste removal costs that are incurred in surface mining activity during the production phase of a mine as an asset, as well as the initial measurement and subsequent measurement of the stripping activity asset. Currently, it is expected that this new interpretation has no significant impact on the Group's financial statements.

(All amounts expressed in RMB'000 unless otherwise specified)

3. Investments in subsidiaries

Company

	Notes	31 December 2011	31 December 2010
Unlisted shares, at cost		**2,024,561**	2,024,561
Less: Allowance for impairment	(a)	**(787,000)**	(787,000)
Advances to subsidiaries, net	(c)	**1,353,698**	1,379,988
		2,591,259	2,617,549

(a) As at 31 December 2011 and 2010, the Company reassessed the impairment on the investment in SGLD and determined that the carrying amount (net of allowance for impairment) was close to the recoverable amount (the value in use based on estimated future cash flows discounted at a rate of 12 per cent per annum (2010: 12 per cent per annum)). As a result, the Company neither further provided for nor reversed the impairment loss in the Company's separate financial statements for the years ended 31 December 2011 and 2010.

The allowance for impairment on the investment in SGLD, as reported in the Company's separate financial statements, did not affect the consolidated financial statements, as the investment in SGLD has been fully eliminated upon consolidation and all operating results of SGLD were included in the consolidated financial statements.

(b) As at 31 December 2011 and 2010, the Group's direct or indirect interests in all subsidiaries are set out below:

Directly held by the Company

Name	Place and date of incorporation	Cost of investment	Proportion of ownership interest (%) 2011	2010	Principal activities
Meeko Investment Limited ("Meeko")	British Virgin Islands 19 August 2005	1,230,300	**100**	100	Investment holding
Weblink International Limited	British Virgin Islands 17 November 2005	794,261	**100**	100	Investment holding
Protex Investment Limited	British Virgin Islands 18 October 2006	–	**100**	100	Investment holding
New Town (China) Trading Co., Ltd.	British Virgin Islands 31 July 2007	–	**100**	100	Investment holding
New Town Procurement Co., Ltd.	Hong Kong Special Administrative Region 27 January 2011	–	**100**	–	Investment holding
		2,024,561			

(All amounts expressed in RMB'000 unless otherwise specified)

3. Investments in subsidiaries (continued)

(b) As at 31 December 2011 and 2010, the Group's direct or indirect interests in all subsidiaries are set out below: (continued)

Indirectly held by the Company

Ultimately held through	Name	Place and date of incorporation and issued capital	Proportion of ownership interest (%)		Effective equity interest (%)		Principal activities
			2011	2010	2011	2010	
Meeko Investment Limited and Weblink International Limited	SGLD[1]	PRC 26 September 2002 RMB548,100,000	**72.63**	72.63	**72.63**	72.63	Land development
	Shanghai Lake Malaren Sports and Culture Co., Ltd. (Formerly named: Shanghai Lake Malaren Golf Club Co., Ltd.)	PRC 6 July 2004 RMB5,000,000	**95**	95	**69**	69	Golf club management
	Shanghai Junyihui Entertainment Co., Ltd.	PRC 28 July 2005 RMB1,680,000	**100**	100	**72.63**	72.63	Entertainment services provider
	Shanghai Lake Malaren Hotel Management Co., Ltd.	PRC 25 April 2006 RMB5,000,000	**100**	100	**72.63**	72.63	Hotel management
	Shanghai Lake Malaren Hospital Investment Co., Ltd. (Formerly named: Shanghai Luodian Infrastructure Development Co., Ltd.)	PRC 16 March 2009 RMB200,000,000	**100**	95	**72.63**	69	Hospital investment and health consultation
	Shanghai Lake Malaren Tourism Development Co., Ltd.	PRC 29 December 2009 RMB3,000,000	**90**	90	**65.37**	65.37	Travelling information and wedding etiquette service
	Shanghai Golden Luodian International Travel Services Co., Ltd.	PRC 18 June 2010 RMB1,000,000	**100**	100	**65.37**	65.37	Travel service
	Chengdu Shanghai Real Estate Co., Ltd.	PRC 20 December 2010 RMB20,000,000	**100**	100	**72.63**	72.63	Real estate development

(All amounts expressed in RMB'000 unless otherwise specified)

3. Investments in subsidiaries (continued)

(b) As at 31 December 2011 and 2010, the Group's direct or indirect interests in all subsidiaries are set out below: (continued)

Indirectly held by the Company (continued)

Ultimately held through	Name	Place and date of incorporation and issued capital	Proportion of ownership interest (%) 2011	2010	Effective equity interest (%) 2011	2010	Principal activities
Weblink International Limited	Shanghai Jia Tong Enterprises Co., Ltd. ("Shanghai Jiatong")	PRC 12 April 2006 RMB1,000,000	**100**	100	**100**	100	Consultation services
Protex Investment Limited	China New Town Development (Changchun) Company Limited	British Virgin Islands 7 September 2006	**100**	100	**100**	100	Investment holding
	China New Town Development (Wuxi) Company Limited	British Virgin Islands 18 October 2006	**100**	100	**100**	100	Investment holding
	China New Town Development (Shenyang) Company Limited	British Virgin Islands 18 October 2006	**100**	100	**100**	100	Investment holding
	Safewell Investment Limited	British Virgin Islands 14 February 2007	**100**	100	**100**	100	Investment holding
	Wuxi Hongshan New Town Development Co., Ltd. ("Wuxi Hongshan")	PRC 6 March 2007 RMB355,271,457	**90**	90	**90**	90	Land development
	Shenyang Lixiang New Town Development Co., Ltd.	PRC 6 March 2007 RMB747,667,000	**90**	90	**90**	90	Land development
	Shanghai CNTD Management Consulting Co., Ltd.	PRC 21 June 2007 RMB1,513,000	**100**	100	**100**	100	Enterprise investment consultation
	Wuxi Hongshan New Town Virescence Environmental Protection Construction Co., Ltd.	PRC 17 August 2007 RMB372,204,000	**90**	90	**90**	90	Planting, maintenance and management of scenic spots in the Wuxi Project
	Wuxi Hongqing Real Estate Development Co., Ltd. ("Wuxi Hongqing")	PRC 27 April 2010 RMB8,000,000	**100**	100	**90**	90	Real estate development
	Changchun New Town Automobile Industry Construct Co., Ltd.	PRC 15 November 2007 RMB220,267,000	**80**	80	**80**	80	Land development
	Shenyang Lake Malaren Country Club Co., Ltd.	PRC 6 March 2008 RMB17,704,000	**100**	100	**100**	100	Sports management

(All amounts expressed in RMB'000 unless otherwise specified)

3. Investments in subsidiaries (continued)

(b) As at 31 December 2011 and 2010, the Group's direct or indirect interests in all subsidiaries are set out below: (continued)

Indirectly held by the Company (continued)

Ultimately held through	Name	Place and date of incorporation and issued capital	Proportion of ownership interest (%)		Effective equity interest (%)		Principal activities
			2011	2010	2011	2010	
Protex Investment Limited	Shenyang Meteorite Park Tourism Development Co., Ltd. (Formerly named: Shenyang Lixiang New Town Virescence Environmental Protection Construction Co., Ltd.)	PRC 13 March 2008 RMB340,050,000	**100**	100	**90**	90	Landscaping, and plant maintenance and management of scenic spots
	Wuxi Hongshan New Town Commercial Operation and Management Co., Ltd.	PRC 18 March 2008 RMB1,000,000	**100**	100	**90**	90	Business management
New Town Procurement Co., Ltd.	Shanghai Hengchang Trading Co., Ltd.	PRC 9 May 2011 USD500,000	**100**	–	**100**	–	Procurement management
	Shanghai Yuanyi Industrial Co., Ltd.	PRC 2 August 2011 RMB3,000,000	**100**	–	**100**	–	Procurement management

[1] The Group's equity interest in SGLD was placed as a collateral for the other borrowing (Note 23) from a third party trust fund, in addition, the trust fund is entitled to certain economic benefits (right to dividends, if any, etc.) in the equity interest of SGLD before the loan is repaid. The Group has the right, at any time prior to expiry of the term of the loan, to repay the loan (the outstanding balance of principal and interest thereon) in full. SGLD continues to be a subsidiary of the Group and the loan from the third party trust is, in substance, a secured borrowing.

(All amounts expressed in RMB'000 unless otherwise specified)

3. Investments in subsidiaries (continued)

(c) The advances to subsidiaries are advances to intermediate holding companies, and they are unsecured, non-interest-bearing, with no fixed repayment terms and are expected to be settled in cash (other than the amount mentioned in (d) below). The intermediate holding companies used these advances to finance their investment holdings of equity interests of the Group's indirect subsidiaries, details of which are as follows:

	Notes	31 December 2011	31 December 2010
Amounts due from:			
China New Town Development (Shenyang) Co., Ltd.		**690,897**	690,897
China New Town Development (Wuxi) Co., Ltd.		**658,053**	511,258
China New Town Development (Changchun) Co., Ltd.		**176,320**	176,320
New Town Procurement Co., Ltd.		**3,235**	–
Safewell Investment Limited		**1,513**	1,513
Less: Impairment	(d)	**(176,320)**	–
		1,353,698	1,379,988

(d) Since Changchun New Town Automobile Industry Co., Ltd ("CCJV"), a subsidiary, made a full provision of RMB199 million against the outstanding balance of receivable arose from the terminated land development in Changchun, as mentioned in Note 18(b), CCJV incurred a significant loss and it was unable to repay the advances to it made by the Company. As a result, the Company, after performing an impairment assessment on the advances to CCJV recognised, a full impairment allowance amounting to RMB176 million in its own separate financial statements for the year ended 31 December 2011. Such allowance for impairment, as reported in the Company's separate financial statements, did not affect the consolidated financial statements, as the advances to subsidiaries have been fully eliminated upon consolidation and all operating results of CCJV were included in the consolidated financial statements.

(All amounts expressed in RMB'000 unless otherwise specified)

4. Investment in an associate and investments in jointly-controlled entities

(a) Investment in an associate

Group	31 December 2011	31 December 2010
Share of net assets:		
Balance at beginning and end of the year	**200**	200

Details of the associate are as follows:

Name	Place and date of incorporation	Proportion of ownership interest attributable to the Group (%) 31 December 2011	Proportion of ownership interest attributable to the Group (%) 31 December 2010	Effective equity interest attributable to the Group (%) 31 December 2011	Effective equity interest attributable to the Group (%) 31 December 2010	Issued and paid-up capital	Authorised share capital	Principal activity
Shanghai Malaren Lake Artwork Exhibition Co., Ltd.	PRC 25 April 2006	**20**	20	**14.53**	14.53	RMB1 million	RMB1 million	Artwork exhibition

The assets and operation results of the associate are not material to the Group.

(All amounts expressed in RMB'000 unless otherwise specified)

4. Investment in an associate and investments in jointly-controlled entities (continued)

(b) Investments in jointly-controlled entities

(i) The Group entered into a 50% interest in Shanghai Lake Malaren International Culture Art Co., Ltd. in 2011, a jointly-controlled entity engaged in the artwork business.

The Group's share of the assets and liabilities as at 31 December 2011 and income and expenses of the jointly-controlled entity for the year ended 31 December 2011 are as follows:

	31 December 2011
Share of the jointly-controlled entity's statement of financial position:	
Current assets	**8,232**
Non-current assets	**958**
Current liabilities	**(3)**
Non-current liabilities	**–**
Net assets	**9,187**
Share of the jointly-controlled entity's revenue and loss:	
Revenue	**167**
Cost of sales	**–**
Selling expenses	**(349)**
Administrative expenses	**(645)**
Finance costs	**–**
Other income	**13**
Loss before tax	**(814)**
Income tax expense	**–**
Loss after tax	**(814)**

(All amounts expressed in RMB'000 unless otherwise specified)

4. Investment in an associate and investments in jointly-controlled entities (continued)

(b) Investments in jointly-controlled entities (continued)

(ii) The Group entered into a 60% interest in Wuxi New District Xinrui Hospital Management Co., Ltd. in 2011, a jointly-controlled entity engaged in medical operation.

The Group's share of the assets and liabilities as at 31 December 2011 and income and expenses of the jointly-controlled entity for the year ended 31 December 2011 are as follows:

	31 December 2011
Share of the jointly-controlled entity's statement of financial position:	
Current assets	**29,922**
Non-current assets	**–**
Current liabilities	**–**
Non-current liabilities	**–**
Net assets	**29,922**
Share of the jointly-controlled entity's revenue and loss:	
Revenue	**–**
Cost of sales	**–**
Selling expenses	**–**
Administrative expenses	**(91)**
Finance costs	**–**
Other income	**14**
Loss before tax	**(77)**
Income tax expense	**–**
Loss after tax	**(77)**

5. Operating segment information

For management purposes, the Group is organised into business units based on their products and services and has the following operating segments. The Group's operational assets and operations are located in Mainland China.

- Land and property development segment, which provides land infrastructure development and construction of ancillary public facilities, as well as develops and sells residential and commercial properties;
- Property leasing segment, which provides property leasing services of investment properties;
- Hotel operations segment, which provides room, restaurants and conference hall services;
- Golf operations segment, which provides golf course management services; and
- Others segment, which provides investment and property management services.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit and loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments.

(All amounts expressed in RMB'000 unless otherwise specified)

5. Operating segment information (continued)

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

Land development revenue from the Group's share of proceeds from land sales (including related public utilities fees, if any) by local authorities accounted for 75% in Shanghai and 10% in Wuxi (2010: 77% in Shanghai and 17% in Wuxi) of the revenue in the year ended 31 December 2011.

An analysis by operating segment is as follows:

	Year ended 31 December 2011						
	Land and property development	Property leasing	Hotel operations	Golf operations	Others	Adjustments and eliminations	Total
Segment results							
External sales	546,288	3,683	43,637	45,359	1,565	–	640,532
Intersegment sales	–	–	677	–	1,250	(1,927)[1]	–
Total segment sales	546,288	3,683	44,314	45,359	2,815	(1,927)	640,532
Results							
Depreciation	(9,004)	–	(25,499)	(19,651)	(254)	–	(54,408)
Amortisation	(377)	–	(3,028)	(753)	–	–	(4,158)
Fair value loss on completed investment properties	–	(24,107)	–	–	–	–	(24,107)
Fair value loss on investment properties under construction	–	(9,264)	–	–	–	–	(9,264)
Segment loss	(103,468)	(29,701)	(32,392)	(9,729)	(15,718)	(48,648)[2]	(239,656)
Segment assets	7,429,503	784,000	616,132	715,436	899,827	171,132[3]	10,616,030
Segment liabilities	3,134,890	31,260	30,985	595,200	63,144	3,734,905[4]	7,590,384
Other disclosures							
Capital expenditure[5]	2,950	43,371	38,745	33,619	154,715	–	273,400

1 Intersegment sales are eliminated on consolidation.

2 Loss for each operating segment does not include finance costs (RMB48,648 thousand).

3 Assets in segments do not include investment in an associate and jointly-controlled entities (RMB39,309 thousand) and deferred tax assets (RMB131,823 thousand) as these assets are managed on a group basis.

4 Liabilities in segments do not include current income tax payables (RMB522,101 thousand), interest-bearing bank loans and other borrowings (RMB3,140,343 thousand), certain amounts due to related parties (RMB51,310 thousand) and deferred tax liabilities (RMB21,151 thousand) as these liabilities are managed on a group basis.

5 Capital expenditure consists of additions of prepaid land lease payments (non-current) (RMB9,964 thousand), property, plant and equipment (RMB220,065 thousand), and completed investment properties and investment properties under construction (RMB43,371 thousand).

(All amounts expressed in RMB'000 unless otherwise specified)

5. Operating segment information (continued)

An analysis by operating segment is as follows: (continued)

	Year ended 31 December 2010						
	Land and property development	Property leasing	Hotel operations	Golf operations	Others	Adjustments and eliminations	Total
Segment results							
External sales	1,382,783	3,668	50,564	39,989	2,885	–	1,479,889
Intersegment sales	–	–	1,213	–	6,018	(7,231)[1]	–
Total segment sales	1,382,783	3,668	51,777	39,989	8,903	(7,231)	1,479,889
Results							
Depreciation	(8,072)	–	(28,992)	(22,111)	(1,006)	–	(60,181)
Amortisation	(233)	–	(3,711)	(5,302)	–	–	(9,246)
Loss on the repurchase of Senior Notes	–	–	–	–	(4,177)	–	(4,177)
Fair value gain on completed investment properties	–	16,168	–	–	–	–	16,168
Fair value loss on investment properties under construction	–	(1,723)	–	–	–	–	(1,723)
Segment profit/(loss)	733,839	13,448	(37,171)	(26,879)	(35,219)	(97,861)[2]	550,157
Segment assets	5,513,204	875,493	629,031	824,381	969,531	120,210[3]	8,931,850
Segment liabilities	2,197,590	64,403	42,782	615,992	6,179	2,707,378[4]	5,634,324
Other disclosures							
Capital expenditure[5]	6,279	99,844	12,759	29,797	75	–	148,754

1 Intersegment sales are eliminated on consolidation.

2 Profit for each operating segment does not include finance costs (RMB97,861 thousand).

3 Assets in segments do not include investment in an associate (RMB200 thousand) and deferred tax assets (RMB120,010 thousand) as these assets are managed on a group basis.

4 Liabilities in segments do not include current income tax payables (RMB519,164 thousand), loans (RMB2,168,589 thousand) and deferred tax liabilities (RMB19,625 thousand) as these liabilities are managed on a group basis.

5 Capital expenditure consists of additions of prepaid land lease payments (non-current) (RMB3,687 thousand), property, plant and equipment (RMB45,222 thousand), and completed investment properties and investment properties under construction (RMB99,845 thousand).

(All amounts expressed in RMB'000 unless otherwise specified)

6. Revenue, other income and other expenses

Revenue

	Year ended 31 December 2011	Year ended 31 December 2010
Land development:		
Development of land infrastructure	**55,194**	480,465
Construction of ancillary public facilities	**521,176**	975,776
Hotel operations	**46,264**	53,318
Golf operations	**58,587**	60,030
Investment property leasing	**4,062**	3,884
Others	**1,706**	3,372
Less: Business tax and surcharges	**(46,457)**	(96,956)
	640,532	1,479,889

Other income

	Year ended 31 December 2011	Year ended 31 December 2010
Foreign exchange gain, net	**8,298**	–
Interest income	**17,559**	9,752
Tax refund	**–**	1,863
Gain on disposal of property, plant and equipment	**9**	–
Others	**489**	1,515
	26,355	13,130

Other expenses

	Year ended 31 December 2011	Year ended 31 December 2010
Foreign exchange loss, net	**–**	152
Bank charges	**1,683**	883
Donation	**–**	5,000
Loss from disposal of property, plant and equipment		
– loss on Shenyang club facilities (Note 18(c))	**–**	4,334
– disposal of other property, plant and equipment	**–**	12,983
Loss on disposal of a subsidiary	**–**	636
Bad debt provision – other receivables (Note 18)	**220,589**	18,510
Others	**272**	2,046
	222,544	44,544

The bad debt provision against other receivables amounting to RMB18,510 thousand has been reclassified from administrative expenses (Note 7) for the year ended 31 December 2010. In the opinion of the Group, the reclassification results in a more appropriate presentation of the Group's operating results.

(All amounts expressed in RMB'000 unless otherwise specified)

7. Expenses by nature

	Year ended 31 December 2011	Year ended 31 December 2010
Cost of land development	**229,924**	483,234
Depreciation of property, plant and equipment	**54,408**	60,181
Amortisation of prepaid land lease payments	**4,158**	9,246
Audit fees and non-audit fees	**3,805**	6,012
Audit fees		
– Auditor of the Company	**3,550**	5,905
– Other auditors	**107**	107
Non-audit fees		
– Auditor of the Company	**–**	–
– Other auditors	**148**	–
Expenses incurred for the listing of existing shares	**–**	32,058
Employee benefits	**70,127**	74,552
Cost of inventories	**19,796**	19,924
Utility expenses	**17,328**	15,228
Property tax, stamp duty and land use tax	**14,639**	13,724
Commission to agents for sale of golf club membership	**1,472**	1,469
Expense incurred for international golf tournament	**99,456**	–
Agency fee for promotional services	**–**	17,955
Others	**85,976**	77,142
Total cost of sales, selling and distribution costs and administrative expenses	**601,089**	810,725

8. Finance costs

	Year ended 31 December 2011	Year ended 31 December 2010
Interest on bank loans and other borrowings wholly repayable within five years	**107,834**	68,807
Interest on bank loans and other borrowings not wholly repayable within five years	**56,356**	55,946
Interest on Senior Notes	**–**	17,287
Interest on CB3	**–**	5,560
Less: Interest capitalised	**(115,542)**	(49,739)
	48,648	97,861

The borrowing costs have been capitalised at weighted average rates of 6.55% and 6.45% per annum for the years ended 31 December 2011 and 2010, respectively.

(All amounts expressed in RMB'000 unless otherwise specified)

9. Income tax

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

The Company is a tax-exempted company incorporated in the British Virgin Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year.

The principal operating subsidiaries of the Company were subject to income tax at the rate of 25% (2010: 25%) on their taxable income according to the Income Tax Law of the PRC.

Pursuant to the PRC Corporate Income Tax, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by thoses subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

The major components of income tax are:

	Year ended 31 December 2011	**Year ended 31 December 2010**
Income tax (credit)/charge:		
Current income tax	**3,811**	160,601
Deferred tax	**(11,813)**	8,349
Withholding tax charge	**1,526**	19,625
Income tax (credit)/charge as reported in profit or loss	**(6,476)**	188,575

(All amounts expressed in RMB'000 unless otherwise specified)

9. Income tax (continued)

A reconciliation between tax (credit)/charge and the product of accounting profit/(loss) multiplied by the Group's applicable income tax rate is as follows:

Year ended 31 December 2011

	CNTD and BVI companies		Mainland China		Total	
Loss before tax	**(36,706)**		**(202,950)**		**(239,656)**	
Tax at the statutory tax rate	**–**	**–**	**(50,738)**	**25.0%**	**(50,738)**	**21.2%**
Tax losses not recognised	**–**	**–**	**3,770**	**-1.9%**	**3,770**	**-1.6%**
Non-deductible expenses for tax purposes	**–**	**–**	**38,966**	**-19.2%**	**38,966**	**-16.3%**
Effect of withholding tax on the distributable profits of the Group's subsidiaries in Mainland China	**–**	**–**	**1,526**	**-0.8%**	**1,526**	**-0.6%**
Income tax as reported in the statement of comprehensive income	**–**	**–**	**(6,476)**	**3.2%**	**(6,476)**	**2.7%**

Year ended 31 December 2010

	CNTD and BVI companies		Mainland China		Total	
Profit/(loss) before tax	(49,450)		599,607		550,157	
Tax at the statutory tax rate	–	–	149,902	25.0%	149,902	27.2%
Tax losses not recognised	–	–	2,598	0.4%	2,598	0.5%
Non-deductible expenses for tax purposes	–	–	16,450	2.7%	16,450	3.0%
Effect of withholding tax on the distributable profits of the Group's subsidiaries in Mainland China	19,625	3.3%	19,625	3.6%		
Income tax as reported in the statement of comprehensive income	–	–	188,575	31.4%	188,575	34.3%

(All amounts expressed in RMB'000 unless otherwise specified)

9. Income tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities when the deferred tax assets and liabilities relate to income taxes, if any, levied by the same tax authority and the same taxable entity.

Deferred income tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	31 December 2011	31 December 2010	Year ended 31 December 2011	Year ended 31 December 2010
Deferred tax liabilities/(assets)				
Net difference between net carrying amount of prepaid land lease payments and land infrastructure under development and their tax base	**51,950**	48,293	**3,657**	6,361
Pre-operating expense	**–**	–	**–**	47
Net difference between net carrying amount of property, plant and equipment and their tax base	**(30,956)**	(32,719)	**1,763**	2,499
Net difference between net carrying amount of investment properties and their tax base	**2,237**	3,871	**(1,634)**	8,527
Losses available for offsetting against future taxable income	**(34,761)**	(15,404)	**(19,357)**	2,006
The difference in accounting and tax bases arising from the accounting for golf club revenue and related costs	**(115,467)**	(118,250)	**2,783**	(3,379)
Disposal of a subsidiary	**–**	–	**–**	(248)
Provision for impairment of other receivables	**(4,628)**	(4,628)	**–**	(4,628)
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in Mainland China	**21,151**	19,625	**1,526**	19,625
Others	**(198)**	(1,173)	**975**	(2,836)
Net deferred tax (assets)/liabilities	**(110,672)**	(100,385)		
Deferred income tax (credit)/charge			**(10,287)**	27,974
Deferred tax assets	**(131,823)**	(120,010)		
Deferred tax liabilities	**21,151**	19,625		

(All amounts expressed in RMB'000 unless otherwise specified)

10. Dividends

No final dividend to the shareholders registered in the British Virgin Island Register and the shareholders registered in the Hong Kong Branch Register has been proposed by the Company in respect of the year ended 31 December 2011 (2010: SG$0.00308 per ordinary share to the shareholders registered in the British Virgin Island Register and HK0.01880 per ordinary share to the shareholders registered in the Hong Kong Branch Register). The proposed dividend for the year ended 31 December 2010 has been approved by the shareholders at the Annual General Meeting on 29 April 2011 and dividends of SG$3,959 thousand and HKD49,151 thousand (in total RMB61,960 thousand) were paid on 24 May 2011.

11. (Loss)/profit attributable to owners of the Company

The consolidated profit attributable to owners of the parent for the years ended 31 December 2011 and 2010 includes a loss of RMB196,361 thousand and RMB46,871 thousand, respectively, which has been dealt with in the financial statements of the Company.

(All amounts expressed in RMB'000 unless otherwise specified)

12. (Loss)/earnings per share

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit attributable to ordinary equity holders of the parent for the years ended 31 December 2011 and 2010.

The diluted earnings per share amounts for the year ended 31 December 2010 are calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting profit or loss effects of dilutive convertible bonds or employee share options, if any) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Employee share options (see Note 29) are treated as options and outstanding from the date of grant, and since they are dilutive, they have been included in the diluted earnings per share calculation for the year ended 31 December 2010.

For the year ended 31 December 2011, calculations of diluted loss per share did not take employee share options into account, because they would have an anti-dilutive effect on the loss per share.

The following reflects the (loss)/profit and share data used in the basic and diluted (loss)/earnings per share calculations:

	Year ended 31 December 2011	**Year ended 31 December 2010**
(Loss)/profit attributable to ordinary equity holders of the parent	**(200,727)**	246,794
Add: Net effect of the dilutive convertible bond	–	2,562
(Loss)/profit attributable to ordinary equity holders of the parent adjusted for effect of the dilutive convertible bond	**(200,727)**	249,356
Weighted average number of ordinary shares outstanding	**3,904,732,586**	3,642,052,148
Add: Net effect of dilutive potential ordinary shares of Management Grant	–	1,896,763
Add: Net effect of dilutive potential ordinary shares of the convertible bond	–	225,210,723
Number of ordinary shares used to calculate the diluted earnings per share	**3,904,732,586**	3,869,159,634
Basic (loss)/earnings per share (RMB)	**(0.0514)**	0.0678
Diluted (loss)/earnings per share (RMB)	**(0.0514)**	0.0644

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

(All amounts expressed in RMB'000 unless otherwise specified)

13. Property, plant and equipment

Group

	Hotel properties	Golf operational assets	Other buildings	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
Original cost							
At 1 January 2010	721,260	624,428	81,884	58,789	39,898	137,966	1,664,225
Transfers	–	12,480	–	–	–	(12,480)	–
Additions	3,845	2,182	3,283	2,695	4,534	28,683	45,222
Disposals	–	(39,180)	(10,019)	(90)	(1,465)	–	(50,754)
Disposal of a subsidiary	–	–	–	(2,329)	(285)	–	(2,614)
At 31 December 2010	725,105	599,910	75,148	59,065	42,682	154,169	1,656,079
Transfers	2,465	47,837	–	–	–	(50,302)	–
Additions	–	1,424	22	8,016	9,494	185,326	204,282
Disposals	–	–	(32)	(794)	(371)	–	(1,197)
At 31 December 2011	**727,570**	**649,171**	**75,138**	**66,287**	**51,805**	**289,193**	**1,859,164**
Accumulated depreciation							
At 1 January 2010	133,970	77,516	10,477	37,103	24,284	–	283,350
Provided during the year	25,126	18,305	3,915	8,561	4,274	–	60,181
Disposals	–	(4,311)	(1,238)	(63)	(707)	–	(6,319)
Disposal of a subsidiary	–	–	–	(1,814)	(224)	–	(2,038)
At 31 December 2010	159,096	91,510	13,154	43,787	27,627	–	335,174
Provided during the year	24,824	16,580	3,668	4,472	4,864	–	54,408
Disposals	–	–	–	(592)	(342)	–	(934)
At 31 December 2011	**183,920**	**108,090**	**16,822**	**47,667**	**32,149**	**–**	**388,648**
Impairment							
At 1 January 2010	145,583	–	–	–	–	–	145,583
Recognised during the year	–	–	–	–	–	–	–
Reversals	–	–	–	–	–	–	–
At 31 December 2010	145,583	–	–	–	–	–	145,583
Recognised during the year	–	–	–	–	–	–	–
Reversals	–	–	–	–	–	–	–
At 31 December 2011	**145,583**	**–**	**–**	**–**	**–**	**–**	**145,583**
Net carrying amount							
At 1 January 2010	441,707	546,912	71,407	21,686	15,614	137,966	1,235,292
At 31 December 2010	420,426	508,400	61,994	15,278	15,055	154,169	1,175,322
At 31 December 2011	**398,067**	**541,081**	**58,316**	**18,620**	**19,656**	**289,193**	**1,324,933**

Certain of the Group's properties have been pledged for interest-bearing bank loans and other borrowings granted to the Group (see Note 23).

(All amounts expressed in RMB'000 unless otherwise specified)

13. Property, plant and equipment (continued)

Impairment of property, plant and equipment

During the year ended 31 December 2011, the Group reassessed the impairment on the property, plant and equipment used in the hotel operations and conference centre, and determined the net carrying amounts were close to the recoverable amounts. As a result, the Group neither further recognised nor reversed the impairment loss in the Group's financial statements for the year ended 31 December 2011. The recoverable amounts were determined based on value in use and were determined at the estimated future cash flow discounted at rates of 11 to 11.5 per cent per annum.

14. Completed investment properties and investment properties under construction

Group

Completed investment properties	**Year ended 31 December 2011**	**Year ended 31 December 2010**
At beginning of year	**679,000**	489,000
Add: Transfer from investment properties under construction	**29,107**	173,832
Add: (Loss)/gain from (decrease)/increase in fair value	**(24,107)**	16,168
At end of year	**684,000**	679,000

Investment properties under construction	**Year ended 31 December 2011**	**Year ended 31 December 2010**
At beginning of year	**95,000**	170,710
Add: Construction costs	**43,371**	99,845
Less: Transfer to completed investment properties	**(29,107)**	(173,832)
Less: Loss from decrease in fair value	**(9,264)**	(1,723)
At end of year	**100,000**	95,000

The investment properties owned by the Group include retail spaces on commercial streets and comprise both completed investment properties and investment properties under construction. The fair values were valued by DTZ Debenham Tie Leung Limited ("DTZ"), an independent professionally qualified valuer.

As there is no active market for the said properties, and due to the absence of similar properties in the same location and condition, the valuations were performed based on the income approach. The following main inputs have been used.

(All amounts expressed in RMB'000 unless otherwise specified)

14. Completed investment properties and investment properties under construction (continued)

Completed investment properties	31 December 2011	31 December 2010
Yield		
Scandinavia Street, Shanghai	**6.5 – 7%**	9 – 10%
Shopping mall, Shanghai	**4 – 5%**	4 – 5%
Retail Street in Wuxi Project	**4 – 5%**	4 – 5%

Investment properties under construction

In arriving at fair value of the investment properties under construction, reference is made to the comparable sales evidence available in the relevant market, after taking into account the construction costs and the costs that will be expended to complete the development.

Changes in fair values of completed investment properties are recognised in profit or loss. The Group's interests in completed investment properties at their net book values are analysed as follows:

Description and Location	Existing use	Tenure	Unexpired lease term	31 December 2011	31 December 2010
Scandinavia Street Shanghai, PRC	Retail street	Leasehold	43.8 years	**420,000**	420,000
Shopping mall Shanghai, PRC	Supermarket	Leasehold	38.0 years	**190,000**	190,000
Retail Street in Wuxi Project Wuxi, PRC	Retail street	Leasehold	35.9 years	**74,000**	69,000
				684,000	679,000

The Group's investment properties of Scandinavia Street in Shanghai is held under long term (not less than 50 years) lease, investment properties of Shopping mall in Shanghai and Retail street in Wuxi are held under medium term (less than 50 years but not less than 10 years) leases, and are all situated in Mainland China.

The following amounts relating to the completed investment properties and investment properties under construction have been recognised in profit or loss:

	Year ended 31 December 2011	Year ended 31 December 2010
Completed investment properties:		
Rental income	**4,062**	3,884
(Loss)/gain from (decrease)/increase in fair value	**(24,107)**	16,168
Other direct operating expenses	**(132)**	(3,148)
Investment properties under construction:		
Loss from decrease in fair value	**(9,264)**	(1,723)

Certain investment properties are pledged for interest-bearing bank and other borrowings (see Note 23).

(All amounts expressed in RMB'000 unless otherwise specified)

15. Prepaid land lease payments

The Group's prepaid land lease payments represent prepaid operating lease payments and their movements are analysed below:

Group

	31 December 2011	31 December 2010
In Mainland China, held on:		
Leases of between 10 and 50 years	**489,709**	485,553
Leases of over 50 years	**546,736**	76,964
	1,036,445	562,517

Group

	Year ended 31 December 2011	Year ended 31 December 2010
At beginning of year	**562,517**	553,411
Additions	**496,969**	23,402
Amortisation charged to profit or loss	**(4,158)**	(9,246)
Amortisation into properties under development for sale and construction in progress	**(18,883)**	(5,050)
At end of year	**1,036,445**	562,517

As at 31 December 2011, the above prepaid land lease payments included a balance of RMB796,890 thousand (2010: RMB326,232 thousand) of prepaid land lease payments held for development into properties for sale, hence they are classified as current assets.

The net carrying amounts of prepaid land lease payments, which were pledged for interest-bearing bank and other borrowings (see Note 23), were as follows at the end of each reporting period:

	31 December 2011	31 December 2010
Land use rights for convention facilities	**69,125**	70,705
Land use rights for golf club house and hotel	**64,850**	71,600
Land use rights for Lake Malaren UHO Project	**101,301**	101,493
Land use rights for Lake Malaren Silicon Valley project	**143,240**	147,775
Land use rights for Chengdu Albany Oasis Garden	**229,575**	–
Land use rights for Wuxi Jiangnan Richgate II	**86,010**	–
	694,101	391,573

(All amounts expressed in RMB'000 unless otherwise specified)

16. Land development for sale

Group

	31 December 2011	31 December 2010
At cost:		
Mainland China	**4,998,936**	3,590,414

Land development for sale represents cost of land development within the districts of the new town development projects. Though the Group does not have ownership title or land use rights to such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities in those new town development projects. When the land plots are sold by the local governments, the Group is entitled to receive from the local authorities a proportion of the proceeds from land sales (including related public utilities fees, if any).

Land development for sale is expected to be realised in the normal operating cycle, which is longer than twelve months.

As mentioned in Note 2.4 accounting policy of revenue recognition on land development for sale, when revenue is recognised depends on the timing of sales of related land plots by authorities, which is uncertain and out of the control of the Group. Upon the sales of related land plots by authorities, the amounts of land development for sale were recognised and recorded as cost of sales (see Note 7).

17. Properties under development for sale

Group

	31 December 2011	31 December 2010
At cost:		
In Shanghai City, PRC	**766,067**	73,073
In Wuxi City, PRC	**43,099**	1,021
In Chengdu City, PRC	**185,036**	–
	994,202	74,094

	31 December 2011	31 December 2010
Properties under development expected to be recovered:		
Within one year	**766,067**	–
After one year	**228,135**	74,094
	994,202	74,094

As at 31 December 2011, RMB766 million (31 December 2010: none) of the Group's properties under development for sale were pledged as collateral for the Group's bank loans.

(All amounts expressed in RMB'000 unless otherwise specified)

18. Prepayments and other receivables

Group

	Notes	31 December 2011	31 December 2010
Prepayments	(a)	**548,668**	254,155
Other receivables, gross		**271,694**	386,944
Less: Impairment	(b)/(c)	**(239,099)**	(18,510)
Other receivables, net		**32,595**	368,434

An aged analysis of the other receivables is as follows:

	31 December 2011		
	Other receivables	Less: allowance for impairment	Other receivables, net
Within 6 months	**11,173**	**–**	**11,173**
6 months to 1 year	**5,536**	**–**	**5,536**
1 year to 2 years	**35,945**	**(21,000)**	**14,945**
2 years to 3 years	**200,301**	**(199,589)**	**712**
Over 3 years	**18,739**	**(18,510)**	**229**
	271,694	**(239,099)**	**32,595**

	31 December 2010		
	Other receivables	Less: allowance for impairment	Other receivables, net
Within 6 months	39,892	–	39,892
6 months to 1 year	35,143	–	35,143
1 year to 2 years	292,580	–	292,580
2 years to 3 years	360	–	360
Over 3 years	18,969	(18,510)	459
	386,944	(18,510)	368,434

The Group does not hold any collateral or other credit enhancements over this balance.

Except for the above impaired receivable, none of the balances is either past due or impaired.

(a) The above prepayments at 31 December 2011 mainly included RMB180 million of prepayment for construction of sports park in Wuxi, RMB130 million of prepayment for construction of a hotel in Wuxi and RMB200 million of prepayment for construction of a hospital in Wuxi (31 December 2010: RMB214 million for rights to use land located in Chengdu).

(All amounts expressed in RMB'000 unless otherwise specified)

18. Prepayments and other receivables (continued)

(b) In December 2009, the Group entered into an agreement ("the 2009 Agreement") with the Changchun Auto Industry Development Zone Administrative Committee ("the Changchun Committee") to cease the land development by the Group in Changchun. Pursuant to the 2009 Agreement, although no detailed repayment schedule had been set out in the 2009 Agreement, the Changchun Committee agreed to fully repay the Group within a year from the date of the 2009 Agreement, for, firstly, the cost of construction, which shall be determined by independent qualified professional parties after conducting construction audits, and, secondly, the cost of relocation that has been incurred by the Group in accordance with the relevant relocation agreement, and compensate the Group for finance costs (including certain related miscellaneous expenditure) at an interest rate of 10% per annum based on the time elapsed since the actual date when such finance costs were incurred by the Group. In December 2010, due to the delay in construction audits and other necessary procedures, the Changchun Committee issued a letter requesting to extend the repayment of remaining balances from the end of 2010 to no later than the end of 2011. However, up to 31 December 2011, total collections from the Changchun Committee were only approximately RMB61 million. In year 2011, the Group agreed with the Changchun Committee to offset part of the receivable with its payable of relocation cost to the Committee of RMB74 million. The remaining balance of about RMB199 million was still outstanding as at 31 December 2011. Since the balance has been aged for more than two years, and the Changchun Committee failed to honour the extended repayment term and cease to co-operate with the Group, in spite of all the efforts of the Group to collect the receivable, though the Group would continue to chase payments, considering the current situation, the Group made a full provision of RMB199 million against the outstanding balance (31 December 2010: no provision).

(c) The above other receivables balances at 31 December 2011 also included an amount of RMB35 million receivable due from two third-party constructors. In December 2008, due to illegal occupation of agricultural land for the purpose of constructing a golf course, the Liaoning Department of Land and Resources established that as a case for investigation, and it issued the Administrative Penalty Decision Notice in this respect in year 2010. Though the Group has instructed the third-party constructors to stop the construction of the golf course on the agricultural land, the constructors still continued such construction and therefore the constructors agreed to compensate the Group by RMB41 million in year 2010. During the year ended 31 December 2011, no amount has been collected by the Group from the constructors (RMB6 million was collected in 2010). For one constructor with the outstanding receivables with amount of RMB14 million, a supplementary agreement has been reached on 15 February 2012 between the Group and the constructor to net off the outstanding balance with trade payables to the constructor. For another constructor with the outstanding receivables with amount of RMB21 million, considering the fact that it is overdue for more than one year and no amount was collected from the constructor in 2011, though the Group would continue to chase payments, a full provision of RMB21 million was made (31 December 2010: no provision).

(All amounts expressed in RMB'000 unless otherwise specified)

19. Trade receivables

Group

	31 December 2011	31 December 2010
Receivables from land development for sale	**128,503**	566,131
Receivables from the sale of golf club membership	**3,616**	7,688
Others	**3,216**	5,328
	135,335	579,147

An aged analysis of the trade receivables is as follows:

	31 December 2011	31 December 2010
Within 6 months	**2,666**	29,940
6 months to 1 year	**6,552**	320,790
1 year to 2 years	**43,531**	44,381
2 years to 3 years	**36,353**	112,305
Over 3 years	**46,233**	71,731
	135,335	579,147

The above balances are unsecured and interest-free. The fair values of the trade receivables at the end of each reporting period approximate their carrying amounts. No trade receivable was written off in the year ended 31 December 2011 (2010: nil).

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	31 December 2011	31 December 2010
Neither past due nor impaired	**131,573**	571,420
Past due but not impaired:		
Within 30 days	**323**	256
30 to 60 days	**–**	–
61 to 90 days	**–**	–
91 to 120 days	**–**	1
Over 120 days	**3,439**	7,470
	135,335	579,147

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

(All amounts expressed in RMB'000 unless otherwise specified)

20. Cash and bank balances

	Group		Company	
	31 December 2011	**31 December 2010**	**31 December 2011**	**31 December 2010**
Cash on hand	**554**	383	**4**	2
Cash at banks	**309,080**	1,166,666	**9,345**	102,728
Short-term bank deposits	**37,753**	–	**–**	–
Cash and cash equivalents	**347,387**	1,167,049	**9,349**	102,730
Restricted bank deposits	**190,000**	214,000	**–**	–
	537,387	1,381,049	**9,349**	102,730

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made for varying periods of between one day and three months, based on the immediate cash requirements of the Group, and earn interest at the respective short-term bank deposit rates.

Included in restricted bank deposits as at 31 December 2011 are mainly amounts of RMB170 million (2010: RMB178 million) as collateral for the HK$200,140 thousand bank loan and RMB20 million (2010: RMB36 million) relating to the interest.

The carrying amounts of the cash and deposits which are denominated in the following currencies are set out below:

	Group		Company	
RMB equivalent of the following currencies:	**31 December 2011**	**31 December 2010**	**31 December 2011**	**31 December 2010**
SG$	**135**	92	**135**	92
RMB	**487,758**	1,278,254	**–**	–
HK$	**9,211**	93,500	**9,211**	9,137
US$	**40,283**	9,203	**3**	93,501
	537,387	1,381,049	**9,349**	102,730

RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

(All amounts expressed in RMB'000 unless otherwise specified)

21. Share capital

Group and Company

Ordinary shares issued and fully paid	Year ended 31 December 2011 Number of shares (Thousand)	Year ended 31 December 2011 Amount*	Year ended 31 December 2010 Number of shares (Thousand)	Year ended 31 December 2010 Amount*
Ordinary shares authorised:	**10,000,000**		10,000,000	
Ordinary shares issued and fully paid:				
Share capital at the beginning of the year	**3,894,805**	**2,778,853**	3,140,659	2,497,385
Increases during the year:				
Shares issued upon exercise of management share options granted under Management Grant	**11,036**	**22,327**	–	5,592
Ordinary shares converted from CB3	**–**	**–**	754,146	283,696
Sales of treasury shares	**–**	**–**	–	(7,820)
Shares issued upon private placement	**–**	**–**	–	–
Shares issued upon the repurchase of Senior Notes	**–**	**–**	–	–
Share capital at the end of the year	**3,905,841**	**2,801,180**	3,894,805	2,778,853

* There is no par value for the shares of the Company. In 2007, there was a share split whereby one existing share prior to the share split splitted into 75,000 shares.

The holders of ordinary shares, except treasury shares, are entitled to receive dividends as and when they are declared by the Board of Directors and approved by the shareholders. All ordinary shares carry one vote per share without restrictions.

Treasury shares	Year ended 31 December 2011 Number of shares (Thousand)	Year ended 31 December 2011 Amount*	Year ended 31 December 2010 Number of shares (Thousand)	Year ended 31 December 2010 Amount*
At the beginning of the year	**–**	**–**	55,768	37,294
Acquired during the year	**–**	**–**	–	–
Issued upon exercise of management share options granted under Management Grant	**–**	**–**	(4,129)	(2,761)
Sold during the year	**–**	**–**	(51,639)	(34,533)
At the end of the year	**–**	**–**	–	–

Treasury shares relate to ordinary shares of the Company that are held by the Company.

(All amounts expressed in RMB'000 unless otherwise specified)

22. Other reserves

Group

	Imputed equity contribution upon reorganisation	Employee equity benefit reserve	Equity component of convertible bonds	Capital contribution received upon the repurchase of CB2	Other reserves	Total
At 1 January 2010	224,032	32,316	137,415	163,433	191,805	749,001
Equity-settled share options to management	–	5,574	–	–	–	5,574
Shares issued upon exercise of management share options granted under Management Grant	–	(8,353)	–	–	–	(8,353)
Shares issued upon CB3 conversion	–	–	(137,415)	–	–	(137,415)
At 31 December 2010	224,032	29,537	–	163,433	191,805	608,807
Equity-settled share options to management	–	5,249	–	–	–	5,249
Shares issued upon exercise of management share options granted under Management Grant	–	(22,325)	–	–	–	(22,325)
At 31 December 2011	**224,032**	**12,461**	**–**	**163,433**	**191,805**	**591,731**

(All amounts expressed in RMB'000 unless otherwise specified)

22. Other reserves (continued)

Company

	Imputed equity contribution upon reorganisation	Employee equity benefit reserve	Equity component of convertible bonds	Capital contribution received upon the repurchase of CB2	Other reserves	Total
At 1 January 2010	1,557,445	32,316	137,415	163,433	191,805	2,082,414
Equity-settled share options to management	–	5,574	–	–	–	5,574
Shares issued upon exercise of management share options granted under Management Grant	–	(8,353)	–	–	–	(8,353)
Shares issued upon CB3 conversion	–	–	(137,415)	–	–	(137,415)
At 31 December 2010	1,557,445	29,537	–	163,433	191,805	1,942,220
Equity-settled share options to management	–	5,249	–	–	–	5,249
Shares issued upon exercise of management share options granted under Management Grant	–	(22,325)	–	–	–	(22,325)
At 31 December 2011	**1,557,445**	**12,461**	**–**	**163,433**	**191,805**	**1,925,144**

Nature and purpose of other reserves

Imputed equity contribution upon reorganisation

The Company applied the pooling of interests method to account for the business combination under common control which occurred on 20 December 2006. This therefore represents the difference between the Company's share of net assets of the Group and the sum of share capital and retained earnings that should be recorded as a result of applying the pooling of interest method.

Employee equity benefit reserve

Employee equity benefit reserve represents the equity-settled share options granted to management (see Note 28). The reserve represents the cumulative value of services received from management recorded since the grant date of equity-settled share options, and would be reduced by the exercise of the share options.

Capital contribution received upon the repurchase of CB2

This represents the capital contribution from SRE Investment Holding Limited, the shareholder of SRE Group Limited, in connection with the Company's repurchase of CB2.

Other reserves

This represents the fair value change of the equity component of CB2 upon the repurchase of CB2.

(All amounts expressed in RMB'000 unless otherwise specified)

23. Interest-bearing bank and other borrowings

The interest-bearing bank and other borrowings which were all denominated in RMB (except a HK$200,140 thousand loan) are as follows:

	Group		Company	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Bank loans and other borrowings – secured	**3,140,343**	2,168,589	**162,253**	170,299

The interest-bearing bank and other borrowings are repayable as follows:

	Group		Company	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Within 6 months	**182,253**	190,299	**162,253**	170,299
6 months to 9 months	**54,990**	49,990	**–**	–
9 months to 12 months	**520,000**	230,000	**–**	–
1 year to 2 years	**891,400**	325,000	**–**	–
2 years to 5 years	**1,009,200**	802,000	**–**	–
Over 5 years	**482,500**	571,300	**–**	–
	3,140,343	2,168,589	**162,253**	170,299

The Group's interest-bearing bank borrowings bore interest at floating rates ranging from 6.35% to 9.31% and 5.76% to 6.73% per annum for the years ended 31 December 2011 and 2010, respectively.

The Group's other borrowing bore interest at fixed rate of 12.75% per annum for the year ended 31 December 2011.

Long-term and short-term bank borrowings

As at 31 December 2011, bank borrowings of RMB2,508,943 thousand (2010: RMB2,168,589 thousand) were pledged by the Group's certain properties, completed investment properties and investment properties under construction, properties under development for sale, prepaid land lease payments as well as bank deposits, whose net carrying amounts at 31 December 2011 were RMB486,401 thousand (2010: RMB516,437 thousand), RMB610,000 thousand (2010: RMB610,000 thousand), RMB766,067 thousand (2010: nil), RMB383,294 thousand (2010: RMB391,573 thousand), and RMB170,000 thousand (2010: RMB178,000 thousand), respectively. Also, as at 31 December 2011, a long-term bank loan with principal of RMB99,990 thousand (2010: RMB149,990 thousand) was guaranteed by Mr. Shi Jian, the Executive Chairman of the Company.

As of 31 December 2011, bank borrowings of RMB547.2 million were also secured by part of future property pre-sale proceeds. For each unit sold of Silicon Valley project, amount of RMB8,000 thousand of the pre-sale proceeds, and for each square meter sold of UHO project, amount of RMB14.2 thousand of the pre-sale proceeds, will be transferred to restricted bank accounts, until the balance of such restricted bank accounts reached the outstanding balance of such loans.

(All amounts expressed in RMB'000 unless otherwise specified)

23. Interest-bearing bank and other borrowings (continued)

Other borrowing – secured

As at 31 December 2011, the other borrowing of RMB631,400 thousand (2010: nil) is a loan from a third party trust fund which is secured by pledge of the Group's 72.63% equity interest in SGLD, and entitlement to certain economic benefits (right to dividends, if any, etc.) in the equity interest of SGLD (see Note 3), use rights of two pieces of land and the title to the properties thereon (whose net carrying amounts at 31 December 2011 were RMB276,036 thousand). The loan is also guaranteed by Mr. Shi Jian, the Executive Chairman of the Company. The Group has the right to repay the loan (the outstanding balance of principal and interest thereon) in full, at any time prior to expiry of the term of the loan.

The Group had undrawn credit facilities of RMB377.8 million as at 31 December 2011 (2010: RMB50 million).

24. Deferred income

Group

	Notes	31 December 2011	31 December 2010
Deferred revenue arising from:			
Sale of golf club membership	(i)	**521,885**	538,176
Land development	(ii)	**594,968**	895,670
		1,116,853	1,433,846

Notes:

(i) The revenue arising from the sale of golf club membership is deferred and recognised on the straight-line basis over the expected period when the related benefits would be provided.

(ii) The deferred revenue arising from land development for sale represents the portion of amounts received/receivable from the land authorities as a result of the sales of parcels of land developed by the Group that are not yet recognised as revenue, because the developments of the ancillary public facilities attributable to the parcels of land sold are still in progress. The amounts received/receivable are non-refundable unless the Group cannot complete the development work. The deferred income is classified as a current liability as the remaining development work is expected to be provided within the normal operating cycle.

(All amounts expressed in RMB'000 unless otherwise specified)

25. Trade payables, other payables and accruals

Group

	31 December 2011	31 December 2010
Trade payables	**2,086,912**	917,806
Accruals for commission of golf club membership	**25,135**	25,131
Payroll and welfare	**3,148**	6,103
Other taxes payable:		
Business tax payable	**272,229**	262,891
Property tax payable	**33,854**	30,686
Land use tax payable	**16,168**	13,270
Other miscellaneous tax	**12,927**	10,760
Estimated payables to constructors for Changchun project	**26,158**	113,681
Receipts in excess of the Group's estimated share of land sales proceeds	**28,405**	64,473
Agency fee payables for promotional services	**–**	4,057
Obligation to construct a food market in Chengdu	**13,723**	–
Payables in relation to international golf tournament	**20,632**	–
Advance of public facility fee from government	**110,000**	–
Other payables	**33,934**	34,652
Accrued interest on bank borrowings	**6,257**	4,067
	2,689,482	1,487,577

Terms and conditions of the above liabilities:

- Trade payables are non-interest-bearing and are normally settled within one year. Among the balance, approximately RMB1,580 million (2010: approximately RMB412 million) are contracted with no specified due date.

- Accruals for the commission of golf club membership to agents are settled in the period in which the related golf club membership fees are received.

- Payroll and welfare are normally settled within the next month.

- Interest payable on bank borrowings is normally settled quarterly throughout the financial year.

- Other payables and other tax payables are non-interest-bearing and are normally settled when they are due or within one year.

(All amounts expressed in RMB'000 unless otherwise specified)

25. Trade payables, other payables and accruals (continued)

An aged analysis of the Group's trade payables as at the reporting dates is as follows:

	31 December 2011	31 December 2010
Within one year	**1,705,800**	556,085
1 to 2 years	**134,717**	226,411
Over 2 years	**246,395**	135,310
	2,086,912	917,806

26. Amounts due to related parties

Group

	31 December 2011	31 December 2010
Amounts due to related parties:		
SRE Group Limited (Note 29(a)(iv))	**51,310**	–
Shanghai Lake Malaren Property Management Co., Ltd. (Note 29(a)(iii))	**2,238**	–
	53,548	–

27. Advances from customers

Group

Advances from customers mainly represented the pre-sale of properties when they are still under development. As contracted with customers, advances amounting to a substantial portion of sales consideration are paid to the Group shortly from the signing of the pre-sales contracts. Such amounts held by the Group are non-interest-bearing. Business tax, generally calculated at a rate of 5% on advances received, is imposed by the tax authorities.

28. Employee benefits and directors' remuneration

Employee benefits (Group)

	Year ended 31 December 2011	Year ended 31 December 2010
Employee benefit expense (including directors):		
Wages and salaries	**49,247**	49,066
Social welfare other than pensions	**4,501**	4,215
Pension – defined contribution plan	**4,237**	3,467
Staff welfare and bonuses	**6,893**	12,230
Share-based payments (Management Grant)	**5,249**	5,574
	70,127	74,552

(All amounts expressed in RMB'000 unless otherwise specified)

28. Employee benefits and directors' remuneration (continued)

Directors' remuneration

Details of the directors' remuneration are as follows:

	Year ended 31 December 2011	Year ended 31 December 2010
Fees	**1,680**	1,689
Other emoluments:		
Salaries, allowances and benefits in kind	**10,927**	9,649
Equity-settled share option expense	**4,800**	7,483
Pension scheme contributions	**160**	107
	17,567	18,928

The names of the directors and their remuneration for the Relevant Periods are set out below:

Year ended 31 December 2011	Fees	Salaries, allowances and benefits in kind	Equity-settled share option expenses	Pension scheme contributions	Total
Shi Jian	–	831	–	–	831
Li Yao Min	–	1,662	1,268	–	2,930
Gu Biya	–	1,506	642	–	2,148
Mao Yiping	–	1,506	530	–	2,036
Yang Yonggang	–	795	1,092	–	1,887
Shi Janson Bing	–	1,091	–	23	1,114
Song Yi Qing	–	2,195	–	65	2,260
Qian Yifeng	–	19	–	–	19
Yue Wai Leung Stan	120	1,322	1,268	72	2,782
Henry Tan Song Kok	429	–	–	–	429
Loh Weng Whye	377	–	–	–	377
Lam Bing Lun Philip	377	–	–	–	377
Kong Siu Chee	377	–	–	–	377
	1,680	10,927	4,800	160	17,567

(All amounts expressed in RMB'000 unless otherwise specified)

28. Employee benefits and directors' remuneration (continued)

Directors' remuneration (continued)

Year ended 31 December 2010	Fees	Salaries, allowances and benefits in kind	Equity-settled share option expenses	Pension scheme contributions	Total
Shi Jian	–	866	–	–	866
Li Yao Min	–	1,731	1,977	–	3,708
Cheng Wai Ho (resigned in 2010)*	–	1,315	–	51	1,366
Gu Biya	–	1,339	1,001	–	2,340
Mao Yiping	–	1,339	826	–	2,165
Yang Yonggang	–	713	1,702	–	2,415
Shi Janson Bing	–	940	–	–	940
Song Yi Qing	–	1,406	–	56	1,462
Yue Wai Leung Stan	208	–	1,977	–	2,185
Henry Tan Song Kok	407	–	–	–	407
Loh Weng Whye	358	–	–	–	358
Lam Bing Lun Philip	358	–	–	–	358
Kong Siu Chee	358	–	–	–	358
	1,689	9,649	7,483	107	18,928

* Cheng Wai Ho resigned in 2010. As a result, the unvested tranches of Management Grant to Cheng Wai Ho were forfeited according to the terms of Management Grant, the related equity-settled share option expenses (RMB2,610 thousand) previously accrued were reversed in 2010.

The directors have not waived any remuneration as listed above.

Five highest paid employees

The five highest paid employees were all directors for the years ended 31 December 2011 and 2010, details of whose remuneration are set out in the directors' remuneration above.

(All amounts expressed in RMB'000 unless otherwise specified)

28. Employee benefits and directors' remuneration (continued)

Five highest paid employees (continued)

Management Grant

On 5 July 2007, the Board of Directors of the Company passed a resolution to award a total of 380 shares (equivalent to 28,500,000 shares after the share split on 16 October 2007 whereby one existing share prior to the share split is equivalent to 75,000 shares after the share split) to certain of the Company's directors and employees ("Entitled Persons") as an incentive for their continued service to the Company in the following proportions.

	Number of shares allotted	
Entitled Person	**Before share split**	**Equivalent to number of shares after share split**
Li Yao Min	79	5,925,000
Yue Wai Leung Stan	79	5,925,000
Yang Yonggang	68	5,100,000
Gu Biya	40	3,000,000
Cheng Wai Ho	40	3,000,000
Mao Yiping	33	2,475,000
Tai Kuo-Lin	25	1,875,000
Ma Da Yu	10	750,000
Sun Xiaomeng	3	225,000
Zhang Qiong	3	225,000
Total	380	28,500,000

In accordance with the terms of Management Grant, the shares are allotted and will vest as follows: (a) 10% at the end of the 12th month after the date of listing of the Company on the Main Board of the SGX-ST; (b) 15% at the end of the 24th month after the date of listing of the Company on the Main Board of the SGX-ST; (c) 20% at the end of the 36th month after the date of listing of the Company on the Main Board of the SGX-ST; (d) 25% at the end of 48th month after the date of listing of the Company on the Main Board of the SGX-ST; and (e) the remaining 30% at the end of the 60th month after the date of listing of the Company on the Main Board of the SGX-ST.

Management Grant is provided on the basis that the relevant Entitled Persons remain in service within the Group on the vesting days and he/she has not submitted a notice of resignation at those dates. The exercise price is RMB8 per share (before share split). Management Grant is accounted for as a compensation for services to be provided by the Entitled Persons in the periods of service (the "vesting periods") as specified above. Since the shares granted do not vest until the Entitled Persons complete their services in the vesting periods, the Company will recognise the expenses over the vesting periods.

(All amounts expressed in RMB'000 unless otherwise specified)

28. Employee benefits and directors' remuneration (continued)

Five highest paid employees (continued)

Fair value of stock options granted

DTZ Debenham Tie Leung Limited was engaged by the Group to assess the fair value of these Management Grant, who estimated the weighted average fair value to be RMB151,717 per share (before the share split, see Note 21) at the date of grant.

The fair value of the equity-settled stock options granted is estimated as at the date of grant using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following are the major inputs to the model used in the valuation at the grant date:

Assumption:

Estimated share price (before the share split)	RMB151,724
Exercise price (before the share split)	RMB8
Maturity date for exercise	No maturity date
Dividend yield (p.a.)	0.00%
Risk-free interest rate (p.a.)	5.24%
Volatility rate (p.a.)	28.40%

The volatility used in the model was based on the historical volatilities of listed companies who have risk profiles comparable with the risk profile of the Group.

Some of the Entitled Persons who have totally 43 shares (before the share split) left the Company till end of 31 December 2011, so their rights under Management Grant were forfeited according to the terms of Management Grant.

There have been no cancellations of or modifications to any of Management Grant during the years ended 31 December 2011 and 2010.

(All amounts expressed in RMB'000 unless otherwise specified)

28. Employee benefits and directors' remuneration (continued)

Five highest paid employees (continued)

Movement

The following table illustrates the number of and movements in Management Grant:

	31 December 2011 Number of shares (after the share split)	31 December 2010 Number of shares (after the share split)
Outstanding at the beginning of the year	**18,393,750**	24,772,500
Forfeited during the year	**–**	(2,250,000)
Exercised during the year	**(11,036,250)**	(4,128,750)
Outstanding at the end of the year	**7,357,500**	18,393,750
Exercisable at the end of the year	**–**	4,905,000

The weighted average share price at the date of exercise for share options exercised during the year ended 31 December 2011 was SG$0.07 (year ended 31 December 2010: SG$0.13).

29. Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

As the Company has become a subsidiary of SRE Group Limited since September 2009 after a series of share placements and convertible bond issuance, the Company ceased to be an associate of SRE Group Limited since then.

As at 31 December 2011 and 2010, Sinopower, a wholly-owned subsidiary of SRE Group Limited, holds 68.07% and 61.54% of the Company's shares, respectively.

In the opinion of the Directors, as of 31 December 2011, the Company's ultimate holding company is SRE Investment Holding Limited, who is the largest shareholder of SRE Group Limited. It holds 52.26% and 34.64% of the issued share capital of SRE Group Limited as at 31 December 2011 and 2010, respectively.

(All amounts expressed in RMB'000 unless otherwise specified)

29. Related party transactions (continued)

(a) In addition to the transactions detailed in Notes 23, 26 and 28, the Group had the following material transactions with related parties during the years ended 31 December 2011 and 2010:

	Notes	Year ended 31 December 2011	Year ended 31 December 2010
Transactions with the parent, fellow subsidiaries, the parties significantly influenced by or whose significant voting power resides with, directly or indirectly, some members of key management personnel of the Company:			
Land development revenue	(i)	–	313,723
Sale of a subsidiary	(ii)	–	3,040
Property management service expense	(iii)	**10,428**	5,562
Loan obtained from SRE Group Limited and one of its subsidiary	(iv)	**151,310**	–
Loan repaid to SRE Group Limited	(iv)	**100,000**	–
Loan repaid by another subsidiary of SRE Group Limited	(v)	–	47,000

Notes:

(i) The amount in 2010 was the Group's share of the sales proceeds from land plots (developed by the Group and sold by authorities, through public auction, tender or listing) purchased by Wuxi Zhongqing Real Estate Co., Ltd., a subsidiary of SRE Group Limited.

(ii) During the year ended 31 December 2010, the Group entered into an agreement with Shanghai Good Property Management Co., Ltd., a subsidiary of SRE Group Limited, to dispose of its entire interest in one of its subsidiaries, Shanghai Lake Malaren Property Management Co., Ltd. The total purchase consideration was RMB3,040 thousand payable in cash and was arrived at based on the net asset value of the subsidiary as at 28 March 2010. The transfer of interests completed on 18 June 2010 and resulted in an amount of RMB636 thousand investment loss to the Group.

(iii) Shanghai Lake Malaren Property Management Co., Ltd. (a former subsidiary disposed of in 2010, see Note (ii) above) provides property management services to SGLD in respect of the Luodian New Town.

In July 2010, SGLD and Shanghai Lake Malaren Property Management Co., Ltd. entered into an agreement pursuant to which Shanghai Lake Malaren Property Management Co., Ltd. agreed to continue to provide property management services to SGLD for a term from 1 July 2010 to 31 December 2012 at a fixed management fee of RMB869,000 per month, out of which Shanghai Lake Malaren Property Management shall be responsible for the payment of the wages of management staff and their social insurance and statutory benefits, and other management expenses including those for daily operations and maintenance of and insurance for the common areas and shared facilities of the Luodian New Town, cleaning and sanitation, maintenance of greenery and social order of the new town, administration and relevant taxes. The management fee was determined with reference to the costs to be incurred by Shanghai Lake Malaren Property Management for managing the Luodian New Town.

(iv) During the year ended 31 December 2011, the Group obtained an interest-free loan of RMB151.31 million from SRE Group Limited and one of its subsidiary, and repaid RMB100 million.

(v) During the year ended 31 December 2010, an interest-free loan to a related party by the Group in 2009 was fully repaid on 29 June 2010.

The related party transaction in respect of item (ii) constitutes a connected transaction entered into in 2010, and the related party transaction in respect of item (iii) constitutes a continuing connected transaction entered into in 2010 and 2011, as defined in Chapter 14A of the rules governing the listing of securities on the Stock Exchange of Hong Kong Limited.

(All amounts expressed in RMB'000 unless otherwise specified)

29. Related party transactions (continued)

(b) Compensation of key management personnel of the Group:

	Year ended 31 December 2011	Year ended 31 December 2010
Wages and salaries	**15,644**	16,227
Share-based payments (Management Grant)	**5,249**	8,184
Social security costs	**–**	218
Pension – defined contribution plan	**160**	303
Staff welfare and bonuses	**–**	2,138
	21,053	27,070

Further details of directors' remuneration are included in Note 28.

30. Capital commitments and commitments in respect of land or property development for sale

At the end of each reporting period, the Group had capital commitments and commitments in respect of land development or properties under development for sale as follows:

Group

	31 December 2011	31 December 2010
Commitments in respect of land development for sale:		
Contracted but not provided for	**1,226,264**	2,062,227
Authorised but not contracted for	**4,685,811**	4,780,887
Properties under development for sale:		
Contracted but not provided for	**461,979**	356,383
Authorised but not contracted for	**–**	192,676
Investment properties under construction:		
Contracted but not provided for	**8,076**	3,900
Authorised but not contracted for	**155,916**	144,895
Property, plant and equipment and leasehold land:		
Contracted but not provided for	**1,542,836**	312,219
Authorised but not contracted for	**2,701,317**	2,506,806
Total	**10,782,199**	10,359,993

(All amounts expressed in RMB'000 unless otherwise specified)

30. Capital commitments and commitments in respect of land or property development for sale (continued)

The Group had significant commitments as it had entered into three township development projects in Shanghai, Wuxi and Shenyang and such commitments are quantified based on contracts, feasibility studies and detailed plans for the respective projects. As a result, the Group prepares cash flow budgets for major project companies annually and updates the cash flow budgets regularly.

As at 31 December 2011, among the commitments that are contracted but not provided for, RMB937 million are with no specified due date for payments (2010: RMB1,739 million).

31. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank borrowings, trade and other payables, other borrowings and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, cash and short-term deposits, which arose directly from its operations. The main risks faced by the Group are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The board of directors reviews and agrees policies for managing each of the risks which are summarised below:

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to its interest-bearing bank loans and other borrowings. The Group does not use derivative financial instruments to manage its interest rate risk. The interest rates and terms of repayments of the borrowings are disclosed in Note 23.

The following table demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit before tax (mainly the impact on floating rate borrowings). The Group's equity is not affected, other than the consequential effect on the accumulated losses (a component of the Group's equity) of the changes in the profit before tax as disclosed below.

	Year ended 31 December 2011	**Year ended 31 December 2010**
Increase/(decrease) in interest rate (basis points)	**100/(100)**	100/(100)
(Decrease)/increase on profit before tax	**(25,164)/25,164**	(20,070)/20,070

(All amounts expressed in RMB'000 unless otherwise specified)

31. Financial risk management objectives and policies (continued)

Foreign currency risk

All the Group's operating entities operate in Mainland China with most of the transactions denominated in Renminbi. The Group is exposed to foreign exchange risk arising from golf membership fees received in United States dollars. In addition, the Group has raised certain amount of funds in Hong Kong dollars via bank borrowings. The Group has not hedged its foreign exchange rate risk as it expects that the bank deposits raised would be utilised for general working capital purposes in the near future.

The RMB is not a freely convertible currency, the conversion of the RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

The following table demonstrates the sensitivity to reasonably possible changes in the US$ and HK$ exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the carrying amount of monetary assets and liabilities). The Group's equity is not affected, other than the consequential effect on the accumulated losses (a component of the Group's equity) of the changes in the profit before tax as disclosed below.

	Year ended 31 December 2011	**Year ended 31 December 2010**
Increase/(decrease) in US$ exchange rate	**10%/(10%)**	10%/(10%)
Increase/(decrease) on profit before tax	**2,540/(2,540)**	927/(927)
Increase/(decrease) in HK$ exchange rate	**10%/(10%)**	10%/(10%)
Increase/(decrease) on profit before tax	**(15,304)/15,304**	(7,680)/7,680

Credit risk

Credit risk arises from cash and bank balances, trade receivables and other receivables, the balances of which represent the maximum credit risk exposure of the Group. As at 31 December 2011 and 2010, a large portion of the net receivables were from the revenue derived from land development for sale, also there is a significant other receivable (for which full provision was made) as mentioned in Note 18(b) from the Changchun Committee, and therefore there is concentration of risk. Management considers that the credit risk arising from trade receivables is considered low as land development for sale is sold through public auction, tender or listing to qualified land buyers, whose qualifications are verified by relevant government authorities and buyers have paid a portion of proceeds as performance bonds to the government authorities.

Purchasers of golf club membership are generally granted with monthly instalment payment terms mainly ranging from 12 to 24 months. Pursuant to the related sale agreement, the Group can cancel a buyer's membership if the instalment payment is overdue for more than three months. The Group has no net exposure as the deferred income from the sale of golf club membership is larger than the related receivables. Hence, there would be no adverse impact on profit before tax if the buyers' membership was cancelled due to the non-payments.

(All amounts expressed in RMB'000 unless otherwise specified)

31. Financial risk management objectives and policies (continued)

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or to have available funding through the use of bank loans, debentures and other borrowings to meet its commitments over the foreseeable future in accordance with its strategic plan.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

The Group

31 December 2011	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Contractual due date not specified**	**Total**
Interest-bearing bank loans and other borrowings	**163,758**	**42,972**	**1,282,980**	**1,844,060**	**593,899**	**–**	**3,927,669**
Trade payables	**507,012**	**–**	**–**	**–**	**–**	**1,579,900**	**2,086,912**
Other liabilities	**300,960**	**–**	**–**	**–**	**–**	**–**	**300,960**
	971,730	**42,972**	**1,282,980**	**1,844,060**	**593,899**	**1,579,900**	**6,315,541**

31 December 2010	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Contractual due date not specified**	**Total**
Interest-bearing loans	171,082	29,974	386,160	1,390,621	696,528	–	2,674,365
Trade payables	506,236	–	–	–	–	411,570	917,806
Other liabilities	248,097	–	–	–	–	–	248,097
	925,415	29,974	386,160	1,390,621	696,528	411,570	3,840,268

The Company

All of the Company's financial liabilities as at 31 December 2011, are repayable on demand as at each of the reporting dates.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue bonds, convertible bonds or new shares.

(All amounts expressed in RMB'000 unless otherwise specified)

31. Financial risk management objectives and policies (continued)

Capital management (continued)

As the Group is engaged in land development, it needs a substantial amount of funds. The Group manages capital by closely monitoring its gearing ratio (which is defined by management as net debt divided by capital plus net debt).

Net debt includes interest-bearing bank loans and other borrowings and excludes trade and other payables. Equity includes equity attributable to owners of the parent and non-controlling interests. The gearing ratios are calculated as follows:

	31 December 2011	31 December 2010
Interest-bearing bank loans and other borrowings	**3,140,343**	2,168,589
Less: Cash and bank balances	**(537,387)**	(1,381,049)
Net debt	**2,602,956**	787,540
Capital:		
Total equity	**3,025,646**	3,297,526
Capital and net debt	**5,628,602**	4,085,066
Gearing ratio	**46.25%**	19.28%

Collateral held

The Group did not hold any collateral as at 31 December 2011 and 2010.

32. Subsequent event

On 5 March 2012, in order to ensure the Group has necessary financial resources to support its operations and meet its liabilities when they fall due, SRE Group Limited (the parent of the Company) confirmed in writing to the Company that, during the period of twelve months from 8 March 2012, upon receipt of request from the management of the Company, SRE Group Limited or its designated companies will unconditionally make payment in cash, up to a total of RMB600 million, to the Group, as financial support.

33. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 8 March 2012.

Analysis of Shareholdings

As at 2 March 2012

Issued and fully Paid-up Capital

Issued and Fully Paid-up Capital	:	RMB2,801,179,902
Total number of Issued shares excluding treasury shares	:	3,905,841,176
Total number of treasury shares	:	0
Class of shares	:	Ordinary shares of no par value
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 2 MARCH 2012

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	6	0.07	1,884	–
1,000 – 10,000	3,903	45.77	16,075,055	0.41
10,001 – 1,000,000	4,536	53.20	438,997,932	11.24
1,000,001 AND ABOVE	82	0.96	3,450,766,305	88.35
	8,527	100.00	3,905,841,176	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 2 MARCH 2012

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	SINOPOWER INVESTMENT LIMITED	2,396,781,817	61.36
2	UOB KAY HIAN PTE LTD	314,024,250	8.04
3	HKSCC NOMINEES LIMITED	144,316,250	3.69
4	PRIMEMODERN LIMITED	125,887,500	3.22
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	115,441,000	2.96
6	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	23,532,000	0.60
7	OCBC SECURITIES PRIVATE LTD	23,517,000	0.60
8	MAYBANK KIM ENG SECURITIES PTE LTD	23,234,451	0.59
9	DBS NOMINEES PTE LTD	22,604,395	0.58
10	RAFFLES NOMINEES (PTE) LTD	20,399,991	0.52
11	LIM & TAN SECURITIES PTE LTD	17,323,000	0.44
12	GRAND WEALTH RESOURCES LIMITED	15,000,000	0.38
13	CIMB SECURITIES (SINGAPORE) PTE LTD	14,125,000	0.36
14	PHILLIP SECURITIES PTE LTD	13,913,000	0.36
15	LEE CHOONG ONN	10,749,000	0.28
16	BANK OF SINGAPORE NOMINEES PTE LTD	10,110,000	0.26
17	CITIBANK NOMINEES SINGAPORE PTE LTD	8,455,651	0.22
18	PHONG CHONG YEE	7,692,000	0.20
19	WONG CHIN KION	7,000,000	0.18
20	SHIE YONG FAH	6,420,000	0.16
	TOTAL:	**3,320,526,305**	**85.01**

Note:

%: Based on 3,905,841,176 shares (excluding shares held as treasury shares) as at 2 March 2012.

Analysis of Shareholdings

As at 2 March 2012

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 2 March 2012.

	No. of Ordinary Shares			
	Direct Interest	**%**	**Deemed Interest**	**%**
Sinopower	2,658,781,817	68.07	–	–
SRE Group	–	–	2,658,781,817	68.07
SRE Investment	–	–	2,658,781,817	68.07
Shi Jian	–	–	2,658,781,817	68.07

Notes:

(1) SRE Group Limited ("SRE Group") is deemed interested by virtue of the fact that Sinopower Investment Limited ("Sinopower") is a wholly-owned subsidiary of SRE Group.

(2) SRE Investment Holding Limited ("SRE Investment") is deemed interested by virtue of the fact that it is a controlling shareholder of SRE Group, which in turn deemed interested in Sinopower's entire shareholding in the Company.

(3) Mr. Shi Jian is deemed interested in Sinopower's entire shareholding in the Company by virtue of the fact that he is a controlling shareholder of SRE Group through SRE Investment.

(4) UOB Kay Hian Pte Ltd is the nominee for the 262,000,000 Shares of the Company.

FREE FLOAT

As at 2 March 2012, approximately 31.52% of the total number of issued shares of the Company was held in the hands of the public (on the basis of information available to the Company). The Company has no outstanding treasury shares, preference shares or convertible equity securities in issue.

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited and Rule 8.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

China New Town Development Company Limited
中國新城鎮發展有限公司