NEW TOWN

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

(incorporated as a business company limited by shares under the laws of the British Virgin Islands)
Hong Kong Stock Code: 1278
Singapore Stock Code: D4N.si

2012 FINAL RESULTS ANNOUNCEMENT

The Board of directors (the "Board") of China New Town Development Company Limited (the "Company") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 as set out below:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2012
(Amount expressed in thousands of Renminbi unless otherwise stated)

	Notes	**Year ended 31 December 2012**	**Year ended 31 December 2011**
Revenue	5	934,954	640,532
Cost of sales	6	(568,052)	(303,665)
Gross profit		366,902	336,867
Other income	5	15,216	26,355
Selling and distribution costs	6	(117,839)	(161,369)
Administrative expenses	6	(131,562)	(136,055)
Other expenses	5	(31,219)	(222,544)
Fair value gain/(loss) on completed investment properties	12	61,606	(24,107)
Fair value gain/(loss) on investment properties under construction	12	161	(9,264)
Operating profit/(loss)		163,265	(190,117)
Finance costs	7	(81,155)	(48,648)
Share of profit/(loss) from jointly-controlled entities		280	(891)
Profit/(loss) before tax		82,390	(239,656)

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
Income tax	8	(36,657)	6,476
Profit/(loss) after tax		45,733	(233,180)
Other comprehensive income		-	-
Total comprehensive income		45,733	(233,180)
Profit/(loss) attributable to:			
Owners of the parent	9	14,441	(200,727)
Non-controlling interests		31,292	(32,453)
		45,733	(233,180)
Total comprehensive income attributable to:			
Owners of the parent	9	14,441	(200,727)
Non-controlling interests		31,292	(32,453)
		45,733	(233,180)
Earnings per share attributable to ordinary equity holders of the parent (RMB per share):	10		
Basic earnings/(loss) per share		0.0035	(0.0514)
Diluted earnings/(loss) per share		0.0034	(0.0514)

STATEMENTS OF FINANCIAL POSITION

31 December 2012

(Amounts expressed in thousands of Renminbi unless otherwise stated)

		Group		Company	
	Notes	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Non-current assets					
Investments in subsidiaries		-	-	2,591,259	2,591,259
Investment in an associate		200	200	-	-
Investments in jointly-controlled entities		49,703	39,109	-	-
Property, plant and equipment	11	1,518,089	1,324,933	78	134
Completed investment properties	12	739,900	684,000	-	-
Investment properties under construction	12	105,400	100,000	-	-
Prepaid land lease payments	13	251,479	239,555	-	-
Non-current prepayments		-	510,000	-	-
Non-current trade receivables	17	56,683	69,903	-	-
Deferred tax assets	8	117,622	131,823	-	-
Other assets		46,473	47,475	-	-
Total non-current assets		2,885,549	3,146,998	2,591,337	2,591,393

	Notes	Group 31 December 2012	Group 31 December 2011	Company 31 December 2012	Company 31 December 2011
Current assets					
Land development for sale	14	5,177,168	4,998,936	-	-
Properties under development for sale	15	1,605,279	994,202	-	-
Prepaid land lease payments	13	782,990	796,890	-	-
Inventories		5,610	4,922	-	-
Amounts due from subsidiaries		-	-	502,036	398,545
Prepayments	16	179,469	38,668	-	-
Other receivables	16	239,058	32,595	-	2
Trade receivables	17	444,547	65,432	66	-
Prepaid income tax		7,150	-	-	-
Cash and bank balances		434,267	537,387	23,404	9,349
Total current assets		8,875,538	7,469,032	525,506	407,896
Total assets		11,761,087	10,616,030	3,116,843	2,999,289
Equity					
Equity attributable to owners of the parent					
Share capital		2,980,809	2,801,180	2,980,809	2,801,180
Other reserves		579,270	591,731	1,912,683	1,925,144
Accumulated losses		(889,899)	(904,340)	(1,972,078)	(1,937,702)
		2,670,180	2,488,571	2,921,414	2,788,622
Non-controlling interests		570,367	537,075	-	-
Total equity		3,240,547	3,025,646	2,921,414	2,788,622
Non-current liabilities					
Interest-bearing bank and other borrowings	18	1,948,458	2,383,100	-	-
Deferred income from sale of golf club membership	19	503,388	521,885	-	-
Deferred tax liabilities	8	25,816	21,151	-	-
Total non-current liabilities		2,477,662	2,926,136	-	-
Current liabilities					
Interest-bearing bank and other borrowings	18	1,235,627	757,243	192,127	162,253
Trade payables	20	2,629,615	2,086,912	-	-
Other payables and accruals	20	695,231	602,570	3,302	3,704
Amounts due to related parties		1,369	53,548	-	44,710
Advances from customers		348,732	46,906	-	-
Deferred income arising from land development	19	595,783	594,968	-	-

	Notes	Group 31 December 2012	Group 31 December 2011	Company 31 December 2012	Company 31 December 2011
Current income tax liabilities	8	536,521	522,101	-	-
Total current liabilities		6,042,878	4,664,248	195,429	210,667
Total liabilities		8,520,540	7,590,384	195,429	210,667
Total equity and liabilities		11,761,087	10,616,030	3,116,843	2,999,289
Net current assets		2,832,660	2,804,784	330,077	197,229
Total assets less current liabilities		5,718,209	5,951,782	2,921,414	2,788,622

CONSOLIDATED STATEMENT OF CASH FLOWS

31 December 2012

(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Notes	**Year ended 31 December 2012**	**Year ended 31 December 2011**
Cash flows from operating activities			
(Loss)/profit before tax		**82,390**	**(239,656)**
Adjustments for:			
Depreciation of property, plant and equipment	11	55,139	54,408
Amortization of prepaid land lease payments	13	7,463	4,158
Loss on disposal of property, plant and equipment		235	-
Loss on disposal of a jointly-controlled entity		2,066	-
Fair value (gain)/loss on completed investment properties	12	(61,606)	24,107
Fair value (gain)/loss on investment properties under construction	12	(161)	9,264
Share of (profit)/loss from jointly-controlled entities		(280)	891
Impairment loss of property, plant and equipment		15,990	-
Management share option expense		2,423	5,249
Interest income	5	(6,047)	(17,559)
Interest expense	6	81,155	48,648
Exchange loss/(gain)		5,411	(8,046)
		184,178	**(118,536)**
Decrease/(increase) in land development for sale		(104,021)	(1,376,981)
Decrease/(increase) in properties under development for sale		(509,505)	(855,743)
Increase in prepaid land lease payments		-	(476,947)
Decrease/(increase) in inventories		(688)	(890)
Decrease/(increase) in prepayments		133,226	215,487
Decrease/(increase) in other receivables and assets		(205,461)	336,840
Decrease/(increase) in trade receivables		(365,895)	443,812
Decrease/(increase) in prepaid income tax		(7,150)	-
Increase/(decrease) in deferred income from sale of golf club membership		(18,497)	(16,291)
Increase/(decrease) in deferred income arising from land development		815	(300,702)

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
Increase/(decrease) in advances from customers		301,826	41,383
Increase/(decrease) in trade and other payables		567,595	1,174,221
Increase/(decrease) in amounts due to related parties		(869)	2,238
Net cash outflow from operating activities		**(24,446)**	**(932,109)**
Cash flows from investing activities			
Purchases/construction of property, plant and equipment		(168,707)	(644,081)
Refund of prepayments for property, plant and equipment		235,974	-
Proceeds from disposal of property, plant and equipment		315	272
Payments for land use rights		(13,973)	-
Payments for investment properties		(7,555)	(66,312)
Disposal of a jointly-controlled entity		5,000	-
Investments in a jointly-controlled entity		(19,500)	(40,000)
Interest received		6,047	17,559
Net cash inflow/(outflow) from investing activities		**37,601**	**(732,562)**
Cash flows from financing activities			
Cash proceeds from placing of new shares of the Company		164,744	-
Capital contributions from non-controlling shareholders of subsidiaries		2,000	18,009
Cash received upon exercise of management share options granted under Management Grant		-	2
Proceeds from bank and other borrowings		703,541	1,278,600
Repayment of bank borrowings		(660,899)	(300,000)
Proceeds from borrowings from related parties		-	151,310
Repayment of borrowing from a related party		(56,721)	(100,000)
Cash released from/(placed as) restricted deposits in relation to interest payments for bank borrowings		(15,000)	24,000
Interest paid		(268,940)	(160,800)
Dividends paid		-	(61,960)
Payments of expenses incurred for the listing of existing shares		-	(4,152)
Net cash inflow/(outflow) from financing activities		**(131,275)**	**845,009**
Net decrease in cash and cash equivalents		(118,120)	(819,662)
Cash and cash equivalents at beginning of year		347,387	1,167,049
Cash and cash equivalents at end of year		**229,267**	**347,387**

STATEMENT OF CHANGES IN EQUITY

31 December 2012

(Amounts expressed in thousands of Renminbi unless otherwise stated)

Group

	Equity attributable to owners of the parent						
	Share capital	Treasury shares	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
As at 1 January 2011	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	-	-	5,249	-	5,249	-	5,249
Shares issued upon exercise of management share options granted under Management Stock Option Plan (“Management Grant”)	22,327	-	(22,325)	-	2	-	2
Capital contribution from non-controlling interests of subsidiaries	-	-	-	-	-	18,009	18,009
Dividends	-	-	-	(61,960)	(61,960)	-	(61,960)
As at 31 December 2011	2,801,180	-	591,731	(904,340)	2,488,571	537,075	3,025,646
Total comprehensive income	-	-	-	14,441	14,441	31,292	45,733
Equity-settled share options to management	-	-	2,423	-	2,423	-	2,423
Shares issued upon exercise of management share options granted under Management Grant	14,885	-	(14,884)	-	1	-	1
Capital contribution from non-controlling interests of subsidiaries	-	-	-	-	-	2,000	2,000
Placing of 585,000,000 new shares	164,744	-	-	-	164,744	-	164,744
As at 31 December 2012	2,980,809	-	579,270	(889,899)	2,670,180	570,367	3,240,547

Notes to Financial Statements

(All amounts expressed in thousand of Renminbi unless otherwise stated)

1. GENERAL INFORMATION

Corporate information

China New Town Development Company Limited (the “Company”) was incorporated on 4 January 2006 in the British Virgin Islands (the “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 (the “SGX-ST”). On 22 October 2010, the Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “HKEx”) by way of introduction. As a result, the Company is dual listed on the Main Boards 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 from which are apportioned to the Group on specified bases. The Group also develops or manages some residential and commercial properties in those new towns.

The Company used to be a subsidiary of SRE Group Limited (“SRE”), a company listed on the HKEx since September 2009 after a series of share placements and convertible bond issuance.

During 2012, SRE, the former parent, disposed its entire holding of the majority shares in the Company to SRE's own shareholders via a special dividend in the form of a distribution in species. Upon completion of that distribution, in October 2012, SRE no longer holds any shares in the Company, and hence, the Company ceased to be a subsidiary of SRE. As a result of that distribution, SRE Investment Holding Limited ("SREI"), the parent of SRE, became the largest shareholder of the Company.

In the opinion of the Directors, as at 31 December 2012, the Company's ultimate holding company is SREI. It holds 32.64% of the issued share capital of the Company as at 31 December 2012. SRE (also as a subsdiary of SREI) became a fellow subsidiary since October 2012.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group and the statements 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 (the "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.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2012. 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.

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 IFRSs.

3. CHANGES IN ACCOUNTING POLICIES 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 amendments to IFRSs effective as at 1 January 2012:

IAS 12	Income Taxes (Amendment) – Deferred Tax: Recovery of Underlying Assets
IFRS 1	First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of

	Fixed Dates for First-Time Adopters
IFRS 7	Financial Instruments: Disclosures (Amendment) – Transfers of Financial Assets

The adoption of the standards is described below:

IAS 12 – Income Taxes (Amendment) – Deferred Tax: Recovery of Underlying Assets

The amendment clarifies the determination of deferred tax on investment property measured at fair value and 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. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and has had no significant effect on the Group's financial statements.

IFRS 1 – First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters

The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment has had no impact on the Group.

IFRS 7 – Financial Instruments: Disclosures (Amendment) – Transfers of Financial Assets

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the users 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 the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment has had no significant effect on the Group's financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its 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, restaurant and conference hall services;
- Golf operations segment, which provides golf course management services; and
- Others segment, which includes investment and provision of other 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 the operating segments.

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 utility fees, if any) by local authorities accounted for 76% in Shanghai and 8% in Wuxi (2011: 75% in Shanghai and 10% in Wuxi) of the revenue in the year ended 31 December 2012.

An analysis by operating segment is as follow:

	Year ended 31 December 2012						
	Land and property development	Property leasing	Hotel operations	Golf operations	Others	Adjustments and eliminations	Total
Segment results							
External sales	787,727	10,621	60,993	73,515	2,098	-	934,954
Inter-segment sales	-	-	846	-	750	(1,596)[1]	-
Total segment sales	787,727	10,621	61,839	73,515	2,848	(1,596)	934,954
Results							
Depreciation	(9,200)	-	(23,579)	(22,250)	(110)	-	(55,139)
Amortisation	(3,682)	-	(3,028)	(753)	-	-	(7,463)
Impairment of property, plant and equipment	-	-	(15,990)	-	-	-	(15,990)
Fair value gain on completed investment properties	-	61,606	-	-	-	-	61,606
Fair value gain on investment properties under construction	-	161	-	-	-	-	161
Segment profit/(loss)	155,073	72,356	(43,991)	1,283	(21,176)	(81,155)[2]	82,390
Segment assets	8,038,862	845,300	603,820	853,567	1,252,013	167,525[3]	11,761,087
Segment liabilities	3,992,439	33,703	38,637	600,309	107,661	3,747,791[4]	8,520,540
Other disclosures							
Capital expenditure[5]	823	23,533	5,809	58,131	195,059	-	283,355

1. Inter-segment sales are eliminated on consolidation.
2. Profit for each operating segment does not include finance costs (RMB81, 155 thousand).
3. Assets in segments do not include investments in an associate and jointly-controlled entities (RMB49,903 thousand) and deferred tax assets (RMB117,622 thousand) as these assets are managed on a group basis.
4. Liabilities in segments do not include current income tax payables (RMB536,521 thousand), interest-bearing bank and other borrowings (RMB3,184,085 thousand), amount due to related parties (RMB1,369 thousand) and deferred tax liabilities (RMB25,816 thousand) as these liabilities are managed on a group basis.
5. Capital expenditure consists of additions to prepaid land lease payments (non-current portion) (RMB18,988 thousand), property, plant and equipment (RMB240,835 thousand), and completed investment properties and investment properties under construction (RMB23,533 thousand).

	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
Inter-segment 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 Inter-segment 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 investments 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 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 to 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).

5. REVENUE, OTHER INCOME AND OTHER EXPENSES

Revenue

	Year ended 31 December 2012	Year ended 31 December 2011
Land development	729,498	576,370
Property development	103,659	-
Hotel operations	64,500	46,264
Golf operations	86,381	58,587
Investment property leasing	11,193	4,062
Others	2,159	1,706
Less: Business tax and surcharges	(62,436)	(46,457)
	934,954	640,532

Other Income

	Year ended 31 December 2012	Year ended 31 December 2011
Foreign exchange gain, net	-	8,298
Interest income	6,047	17,559
Gain on disposal of property, plant and equipment	-	9
Government subsidies	705	-
Reversal of bad debt provision – other receivables	8,120	-
Others	344	489
	15,216	26,355

Other Expenses

	Year ended 31 December 2012	Year ended 31 December 2011
Foreign exchange loss, net	5,139	-
Bank charges	3,712	1,683
Donation	2,070	-
Loss on disposal of a jointly-controlled entity	2,066	-
Bad debt provision – other receivables	-	220,589
Impairment loss of property, plant and equipment	15,990	-
Others	2,242	272
	31,219	222,544

6. EXPENSE BY NATURE

	Year ended 31 December 2012	Year ended 31 December 2011
Cost of land development	430,764	229,924
Cost of property development	42,698	-
Depreciation of property, plant and equipment	55,139	54,408
Amortisation of prepaid land lease payments	7,463	4,158
Audit fees and non-audit fees	4,089	3,805
Audit fees		
-Auditor of the Company	*3,650*	*3,550*

- *Other auditors*	*185*	*107*
Non-audit fees		
- *Auditor of the Company*	*189*	*-*
- *Other auditors*	*65*	*148*
Employee benefits	86,653	70,127
Cost of inventories	27,974	19,796
Utility expenses	16,881	17,328
Property tax, stamp duty and land use tax	11,169	14,639
Commission to agents for sale of golf club membership	3,309	1,472
Expense incurred for international golf tournament	38,171	99,456
Advertising	37,550	22,396
Others	55,593	63,580
Total cost of sales, selling and distribution costs and administrative expenses	817,453	601,089

7. FINANCE COSTS

	Year ended 31 December 2012	**Year ended 31 December 2011**
Interest on bank loans and other borrowings	270,040	164,190
Less: Interest capitalised	(188,885)	(115,542)
	81,155	48,648

The borrowing costs have been capitalised at the weighted average rates of 8.23% and 6.55% per annum for the years ended 31 December 2012 and 2011, respectively.

8. 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% (2011: 25%) on their taxable income according to the Income Tax Law of the PRC.

<u>Mainland China land appreciation tax ("LAT")</u>

LAT is incurred upon transfer of property and land ownership and is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures.

For the pre-sale of properties under development, the tax authorities may impose LAT ahead of the completion of transactions and revenue recognition, generally based on 1% to 2% (2011: nil) on proceeds of the sale and pre-sale of properties. Prepaid LAT had been recorded in "prepaid income tax" with an amount of approximately RMB7 million as at 31 December 2012 (2011: nil).

Mainland China Withholding Tax

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 and remitted out of PRC by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

Pursuant to the resolution of board of directors of the Company, part of PRC subsidiaries' profit generated since its establishment will be retained by PRC subsidiaries for use in future operations or investments. In the opinion of the directors, it is probable that the temporary differences relating to the profits that are not expected to be distributed will not reverse in the foreseeable future. The aggregate amount of unrecognised deferred tax liabilities (i.e. withholding taxes relating to such temporary differences) was approximately RMB 13,093 thousand. (2011: Nil)

The major components of income tax are:

	Year ended 31 December 2012	**Year ended 31 December 2011**
Income tax charge/(credit):		
Current income tax	17,791	3,811
Deferred tax	14,201	(11,813)
Deferred LAT	4,665	-
Deferred withholding tax	-	1,526
Income tax charge/(credit) as reported in profit or loss	36,657	(6,476)

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

Year ended 31 December 2012

	CNTD and BVI companies		Mainland China		Total	
Profit/(loss) before tax	(20,353)		102,743		82,390	
Tax at the statutory tax rate	-	-	25,686	25.0%	25,686	31.2%
Tax losses not recognised	-	-	4,627	4.5%	4,627	5.6%
Non-deductible expenses for tax purposes	-	-	1,679	1.7%	1,679	2.0%
Effect of deferred LAT	-	-	4,665	4.5%	4,665	5.7%
Income tax as reported in the statement of comprehensive income	-	-	36,657	35.7%	36,657	44.5%

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	(1.8%)	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%

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 2012	**31 December 2011**	**Year ended 31 December 2012**	**Year ended 31 December 2011**
Deferred tax liabilities/(assets)				
Net difference between net carrying amount of prepaid land lease payments and land infrastructure under development and their tax base	56,499	51,950	4,549	3,657
Net difference between net carrying amount of property, plant and equipment and their tax base	(31,801)	(30,956)	(845)	1,763
Net difference between net carrying amount of investment properties and their tax base	24,309	2,237	22,072	(1,634)
Losses available for offsetting against future taxable income	(42,206)	(34,761)	(7,445)	(19,357)
Difference in accounting and tax bases arising from the accounting for golf club revenue and the related costs	(111,431)	(115,467)	4,036	2,783
Provision for impairment of other receivables	(4,628)	(4,628)	-	-
Effect of withholding tax at 10% on	21,151	21,151	-	1,526

the distributable profits of the Group’s subsidiaries in Mainland China				
Effect of deferred LAT	4,665	-	4,665	-
Others	(8,364)	(198)	(8,166)	975
Net deferred tax assets	(91,806)	(110,672)		
Deferred income tax (credit)/ charge			18,866	(10,287)
Deferred tax assets	(117,622)	(131,823)		
Deferred tax liabilities	25,816	21,151		

9. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the parent for the years ended 31 December 2012 and 2011 includes losses of RMB34,376 thousand and RMB196,361 thousand, respectively, which have been dealt with in the financial statements of the Company.

10. EARNINGS/ (LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) attributable to ordinary equity holders of the parent for the years ended 31 December 2012 and 2011.

For the year ended 31 December 2011, the calculation 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 profit/(loss) and share data used in the basic and diluted earnings/(loss) per share calculations:

	Year ended 31 December 2012	**Year ended 31 December 2011**
Profit/(loss) attributable to ordinary equity holders of the parent used to calculate the basic and dilute earnings/(loss) per share	14,441	(200,727)
Weighted average number of ordinary shares outstanding	4,180,595,099	3,904,732,586
Add: Net effect of dilutive potential ordinary shares of Management Grant	6,672,144	-
Number of ordinary shares used to calculate the diluted earnings/(loss) per share	4,187,267,243	3,904,732,586
Basic earnings/(loss) per share (RMB)	0.0035	(0.0514)
Diluted earnings/(loss) per share (RMB)	0.0034	(0.0514)

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.

11. 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 2011	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
Transfers	-	53,191	-	-	-	(53,191)	-
Transfers from investment properties	24,000	-	-	-	-	-	24,000
Additions	2,120	34,770	428	9,264	1,149	193,104	240,835
Disposals	-	-	-	(5,433)	(2,202)	-	(7,635)
At 31 December 2012	753,690	737,132	75,566	70,118	50,752	429,106	2,116,364
Accumulated depreciation							
At 1 January 2011	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
Provided during the year	25,168	17,659	3,792	2,158	6,362	-	55,139
Disposals	-	-	-	(5,014)	(2,071)	-	(7,085)
At 31 December 2012	209,088	125,749	20,614	44,811	36,440	-	436,702
Impairment							
At 1 January 2011	145,583	-	-	-	-	-	145,583
Recognised during the year	-	-	-	-	-	-	-
Reversals	-	-	-	-	-	-	-
At 31 December 2011	145,583	-	-	-	-	-	145,583
Recognised during the year	-	-	-	-	-	15,990	15,990
Reversals	-	-	-	-	-	-	-
At 31 December 2012	145,583	-	-	-	-	15,990	161,573
Net carrying amount							
At 1 January 2011	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
At 31 December 2012	399,019	611,383	54,952	25,307	14,312	413,116	1,518,089

Certain of the Group's properties have been pledged for interest-bearing bank and other borrowings granted to the Group (see Note 18).

Impairment of property, plant and equipment

During the year ended 31 December 2012, the Group reassessed the impairment on the property, plant and equipment used in the hotel operations and conference centre in Shanghai, 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 2012 for those properties. 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 annum. On the other hand,, considering the suspension of construction and uncertainty of operations of the hotel under construction in Shenyang project, an impairment loss of RMB 16 million was provided against the entire balance of the related construction in progress as at 31 December 2012.

12. COMPLETED INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER CONSTRUCTION

Group

Completed investment properties	**Year ended 31 December 2012**	**Year ended 31 December 2011**
At beginning of year	684,000	679,000
Add: Transfer from investment properties under construction	18,294	29,107
Add: Gain/(loss) from increase/(decrease) in fair value	61,606	(24,107)
Less: Transfer to property, plant and equipment	(24,000)	-
At end of year	739,900	684,000

Investment properties under construction	**Year ended 31 December 2012**	**Year ended 31 December 2011**
At beginning of year	100,000	95,000
Add: Construction costs	23,533	43,371
Less: Transfer to completed investment properties	(18,294)	(29,107)
Add: Gain/(loss) from decrease in fair value	161	(9,264)
At end of year	105,400	100,000

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.

Completed investment properties	**31 December 2012**	**31 December 2011**
Yield		
Scandinavia Street, Shanghai	6 – 6.5%	6.5 – 7%
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 2012	31 December 2011
Scandinavia Street Shanghai, PRC	Retail street	Leasehold	42.8 years	478,900	420,000
Shopping mall Shanghai, PRC	Supermarket	Leasehold	37.0 years	210,000	190,000
Retail Street in Wuxi Project Wuxi, PRC	Retail street	Leasehold	34.9 years	51,000	74,000
				739,900	684,000

The Group's investment properties of Scandinavia Street in Shanghai are 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 2012	Year ended 31 December 2011
Completed investment properties:		
Rental income	11,193	4,062
Gain/(loss) from increase/(decrease) in fair value	61,606	(24,107)
Other direct operating expenses	(31)	(132)
Investment properties under construction:		
Gain/(loss) from increase/(decrease) in fair value	161	(9,264)

Certain investment properties are pledged for interest-bearing bank and other borrowings (see Note 18).

13. 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 2012	31 December 2011
In Mainland China, held on:		
Leases of between 10 and 50 years	491,238	489,709
Leases of over 50 years	543,231	546,736
	1,034,469	1,036,445

Group	Year ended 31 December 2012	Year ended 31 December 2011
At beginning of year	1,036,445	562,517
Additions	23,595	496,969
Amortisation charged to profit or loss	(7,463)	(4,158)
Amortisation into properties under development for sale and construction in progress	(18,108)	(18,883)
At end of year	1,034,469	1,036,445

As at 31 December 2012, the above prepaid land lease payments included a balance of RMB782,990 thousand (2011: RMB796,890 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 18), were as follows at the end of each reporting period:

	31 December 2012	31 December 2011
Land use rights for convention facilities	67,545	69,125
Land use rights for golf club house and hotel	67,198	64,850
Land use rights for Lake Malaren UHO Project	98,630	101,301
Land use rights for Lake Malaren Silicon Valley Project	135,661	143,240
Land use rights for Chengdu Albany Oasis Garden	226,217	229,575
Land use rights for Wuxi Jiangnan Richgate II	-	86,010
	595,251	694,101

14. LAND DEVELOPMENT FOR SALE

Group	31 December 2012	31 December 2011
At cost:		
Mainland China	5,177,168	4,998,936

Land development for sale represents the 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 utility fees, if any).

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

15. PROPERTIES UNDER DEVELOPMENT FOR SALE

Group	31 December 2012	31 December 2011
At cost:		
In Shanghai City, PRC	1,294,862	766,067
In Wuxi City, PRC	43,469	43,099
In Chengdu City, PRC	266,948	185,036
	1,605,279	994,202

	31 December 2012	31 December 2011
Properties under development expected to be recovered:		
Within one year	1,294,862	766,067
After one year	310,417	228,135
	1,605,279	994,202

As at 31 December 2012, RMB1,480 million (31 December 2011: RMB766 million) of the Group's properties under development for sale were pledged as collateral for the Group's bank loans.

16. PREPAYMENTS AND OTHER RECEIVABLES

Group	Notes	31 December 2012	31 December 2011
Prepayments	(a)	179,469	548,668
Other receivables, gross	(b) - (e)	470,037	271,694
Less: Impairment	(b)/(c)	(230,979)	(239,099)
Other receivables, net		239,058	32,595

(a) The prepayments at 31 December 2012 mainly included a prepayment of RMB127 million (31 December 2011: RMB180 million) for construction of Wuxi Ecological Park.

In 2011, according to a contract signed between the Group and a third-party constructor, to construct the Wuxi Ecological Park, the Group prepaid RMB 180 million to the constructor. At the subsequent request of the Group (in order to reduce construction cost), the constructor agreed to reduce the construction scale. As a result, the work was completed in 2012 at a cost of RMB53 million. According to a supplemental agreement signed in February 2013, the Group and the contractor agreed to use the unused balance of the prepayment of RMB 127 million in construction of other public facilities (such as lake, greening, road, etc.) in Wuxi, hence, RMB 127 million was recognized as the prepayment under the supplemental agreement .

(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 the 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 approximately RMB199 million was still outstanding as at 31 December 2011. Since the balance was already aged for more than two years as at 31 December 2011, 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 these situations, hence, the Group made a full provision of RMB199 million against the outstanding balance then. In year 2012, the Group received RMB8 million from the Changchun Committee, thus the provision was reduced by the same amount. Considering the amount received in 2012 was only a small portion of the receivable, and there was no evidence that the Changchun Committee would continue to pay, full provision was continued to be made against the RMB 191 million outstanding balance as at 31 December 2012.

(c) The above other receivable balances at 31 December 2012 also included an amount of RMB21 million receivable due from a third-party constructor. 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 constructor to stop the construction of the golf course on the agricultural land, the constructor still continued such construction and therefore the constructor agreed to compensate the Group by RMB24 million in year 2010. During the year ended 31 December 2012, no amount has been collected by the Group from the constructor (2011: Nil, 2010: RMB3 million). For the constructor with the outstanding receivables with an amount of RMB21 million, considering the fact that it is overdue for more than two year and no amount was collected from the constructor, though the Group would continue to chase payments, a full provision of RMB21 million was made in year 2011.

(d) The balance of other receivable as of 31 December 2012 also included a receivable of RMB94 million from a third-party constructor. In 2011, the Group prepaid RMB330 million to the constructor for the construction of a hospital in Wuxi and a hotel in Wuxi. In 2012, at the request of the Group (after management's reconsideration of its original plan since the related construction plan has not been approved by local government) and after re-negotiation the construction work was suspended and the constructor agreed to refund the entire prepayment, as a result, RMB236 million was received in 2012 and the remaining balance of RMB94 million was received in February 2013.

(e) The balance of other receivable as of 31 December 2012 also included a receivable of RMB129 million from a third-party contractor. In 2012, the Group entered into a contract amounting to HKD250 million with the contractor, to enhance the sports park in Shenyang. According to the contract, the Group prepaid HKD 200 million (approximately RMB 163 million). At the subsequent request of the Group (in order to save cost after management's reconsideration of the plan for the sports park) and after re-negotiation, the contractor agreed to reduce the construction scale. As a result, only RMB34 million was used in the construction work, and the contractor agreed to refund the remaining prepayment of RMB 129 million to the Group. The RMB 129 million was received in 2013.

An aged analysis of the other receivables is as follows:

	31 December 2012		
	Other receivables	**Less: allowance for impairment**	**Other receivables, net**
Within 6 months	222,967	-	222,967
6 months to 1 year	3,706	-	3,706
1 year to 2 years	11,250	-	11,250
2 years to 3 years	21,841	(21,000)	841
Over 3 years	210,273	(209,979)	294
	470,037	(230,979)	239,058

	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

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.

17. TRADE RECEIVABLES

Group	**31 December 2012**	**31 December 2011**
Receivables from land development for sale	465,886	128,503
Receivables from the sale of properties	27,500	-
Receivables from the sale of golf club membership	2,928	3,616
Others	4,916	3,216
	501,230	135,335

An aged analysis of the trade receivables is as follows:

	31 December 2012	**31 December 2011**
Within 6 months	375,372	2,666
6 months to 1 year	110	6,552
1 year to 2 years	6,752	43,531
2 years to 3 years	43,531	36,353
Over 3 years	75,465	46,233
	501,230	135,335

The above balances are unsecured and interest-free. The fair values of the trade receivables at the end of each reporting period approximate to their carrying amounts. No trade receivable was written off in the year ended 31 December 2012 (2011: Nil).

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

	31 December 2012	**31 December 2011**
Neither past due nor impaired	498,302	131,573
Past due but not impaired:		
Within 30 days	-	323
30 to 60 days	-	-
61 to 90 days	-	-
91 to 120 days	-	-
Over 120 days	2,928	3,439
	501,230	135,335

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.

18. 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 and a US$4,750 thousand loan) are as follows:

	Group		**Company**	
	31 December 2012	**31 December 2011**	**31 December 2012**	**31 December 2011**
Bank and other borrowings – secured	3,164,085	3,140,343	192,127	162,253
Bank and other borrowings – unsecured	20,000	-	-	-
	3,184,085	3,140,343	192,127	162,253

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

	Group		**Company**	
	31 December 2012	**31 December 2011**	**31 December 2012**	**31 December 2011**
Within 6 months	469,227	182,253	192,127	162,253
6 months to 9 months	35,000	54,990	-	-
9 months to 12 months	731,400	520,000	-	-
1 year to 2 years	600,991	891,400	-	-
2 years to 5 years	895,231	1,009,200	-	-
Over 5 years	452,236	482,500	-	-
	3,184,085	3,140,343	192,127	162,253

The Group's interest-bearing bank borrowings bore interest at floating rates ranging from 6.12% to 8.61% and 6.35% to 9.31% per annum for the years ended 31 December 2012 and 2011, respectively.

The Group's other borrowing bore interest at a fixed rate of 12.75% per annum for the years ended 31 December 2012 and 2011.

Long-term and short-term bank borrowings

As at 31 December 2012, bank borrowings of RMB2,732,685 thousand (2011: RMB2,508,943 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 2012 were RMB458,759 thousand (2011: RMB486,401 thousand), RMB631,956 thousand (2011: RMB610,000 thousand), RMB1,480,234 thousand (2011: RMB766,067 thousand), RMB595,251 thousand (2011: RMB383,294 thousand), and RMB185,000 thousand (2011: RMB170,000 thousand), respectively. Also, as at 31 December 2012, a long-term bank loan with principal of RMB100,000 thousand (2011: RMB99,990 thousand) was guaranteed by Mr. Shi Jian, the Executive Chairman of the Company.

As at 31 December 2012, bank borrowings of RMB661 million (2011: RMB547.2 million) were also secured by part of the future property pre-sale proceeds. For each unit sold of the Silicon Valley project, an amount of RMB8,000 thousand (2011: RMB8,000 thousand) of the pre-sale proceeds, and for each square meter sold of UHO project, an amount of RMB14.2 thousand (2011: 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.

Other borrowing - secured

As at 31 December 2012, the other borrowing of RMB431,400 thousand (2011: RMB631,400 thousand) 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 one piece of land and the title to the properties thereon (whose net carrying amounts at 31 December 2012 were RMB198,793 thousand (2011: 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 RMB308.3 million as at 31 December 2012 (2011: RMB377.8 million).

19. DEFERRED INCOME

Group	Notes	31 December 2012	31 December 2011
Deferred revenue arising from:			
Sale of golf club membership	(i)	503,388	521,885
Land development for sale	(ii)	595,783	594,968
		1,099,171	1,116,853

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.

20. TRADE PAYABLES, OTHER PAYABLES AND ACCURALS

Group	31 December 2012	31 December 2011
Trade payables	2,629,615	2,086,912
Accruals for commission of golf club membership	25,110	25,135
Payroll and welfare	2,896	3,148
Other taxes payable:		
Business tax payable	307,915	272,229
Property tax payable	41,034	33,854
Land use tax payable	14,829	16,168
Other miscellaneous tax	19,266	12,927
Estimated payables to constructors for the Changchun project	11,018	26,158
Receipts in excess of the Group’s estimated share of land sales proceeds	28,405	28,405
Obligation to construct a food market in Chengdu	13,723	13,723
Payables in relation to international golf tournament	-	20,632
Advance of public facility fee from local government	160,200	110,000
Other advance from local government	14,000	-
Other payables	56,835	40,191
	3,324,846	2,689,482

Terms and conditions of the above liabilities:

- Trade payables are non-interest-bearing and are normally settled within one year. Among the balance, trade payables of approximately RMB1,872 million (2011: approximately RMB1,580 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.

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

	31 December 2012	**31 December 2011**
Within one year	958,024	1,705,800
1 to 2 years	1,381,915	134,717
Over 2 years	289,676	246,395
	2,629,615	2,086,912

21. SUBSEQUENT EVENT

A land parcel in the Company's Shanghai Luodian project had been listed by The Shanghai Municipal Bureau of Planning and Land Resources on 7 February 2013.

Please refer to detailed information published in the Announcement dated 8 February 2013.

On 18 March 2013, the Company, China Development Bank International Holdings Limited (the "CDBIH") and SREI entered into a non-binding memorandum of understanding ("MOU"), under which CDBIH expressed an interest to subscribe for, or to procure a company designated by CDBIH to subscribe for 3,000,000,000 shares of the Company at the subscription price of HK$0.246 per share (the "Possible Transaction"). The Possible Transaction is expected to be subject to certain regulatory requirements.

According to the non-binding MOU, as part of the Possible Transaction, subject to compliance with the relevant regulatory requirements, SREI shall undertake to acquire, and the Company shall undertake to dispose of, assets of the Group not relating to the Group's main principal business of planning and development of new town projects in the PRC within 12 months from the date of completion of the Possible Transaction.

Please refer to detailed information published in the Announcement dated 18 March 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

a) <u>Fair review of development of business of the Company and its subsidiaries during financial year and of their financial position at the end of the year</u>

Operating Results

Our results of operations are primarily driven by the frequency and achieved selling prices of public auction of land use rights. During the financial year, four saleable land parcels were successfully auctioned and sold in our Shanghai Luodian project and Wuxi Hongshan project. Therefore, the revenue and the operating profit of the Group have increased by 46% and 186% respectively compared with the 2011.

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

Plot Code	Project	Site area (sqm.)	Plot ratio	Month	Gross floor area	Contract price (RMB'mil)	Average price by gross floor area (RMB per sqm.)
XDG(XQ)	Hongshan, Wuxi	62,145	1.8	March	111,862	75	1,208
B3-2	Luodian, Shanghai	37,209	1.2	October	44,650	234	5,250
E4-1	Luodian, Shanghai	34,558	1.0	November	34,558	279	8,081
F1-3	Luodian, Shanghai	53,838	1.01	November	54,376	533	9,802

In relation to the land sale Proceeds Percentage that Shanghai Luodian and Wuxi Hongshan project are entitled to on the land sale proceeds listed above, the local government decided to increase the Percentage that Shanghai Luodian Project is entitled to on the land sale proceeds by approximately 8.5% from 48.5% to 57% in particular to the sale of the land use rights of the four parcels of land listed above in the year of 2011 and 2012. The favourable rate was granted by the local government in recognition of the contribution and influence our Luodian New Town has brought to Baoshan district and Shanghai. Likewise, the government also decided to increase the Percentage that Wuxi Hongshan project is entitled to on the land sale proceeds by approximately 11% from 80% to 91% in particular to the sale of the land use right of the land (XDG(XQ)) in 2012 by considering the fact that the land was obtained for establishment of Wuxi Xinrui hospital. As a result of the adjustments, the revenue recorded in 2012 increased by RMB130 million, among of which about RMB44 million is from land sold in 2011.

On the cost side, the unit cost for land development in Shanghai Luodian and Shenyang Lixiang projects (allocated based on budgeted cost of services over relevant area) of 2012 were kept unchanged compared with 2011.

In December 2012, the Group increased the budget of public facility cost in relation to the Wuxi Hongshan project by RMB80 million. The unit cost for land development (estimated based on budgeted cost of services over relevant area) was increased from RMB1,325 per square metre to RMB1,381 per square metre (increased by 4%).

Even though the proceeds sharing percentage was increased, there was a relatively greater decrease in the average unit land sale price, which causing a decrease in the gross profit margin. The decline was mainly due to the decrease of average unit land sale price from RMB7,323 per square meter in 2011 to RMB3,531 per square meter in 2012. The drop substantially resulted from three key elements, namely the land market conditions, plot ratio and land location. Under the relatively more positive land market conditions in 2011, the land sold was located in Shanghai with higher plot ratio of 2.5. Comparatively, four saleable pieces of land sold during this financial year were located in both Shanghai and Wuxi with lower plot ratio of 1.8, 1.2, 1.0 and 1.01 respectively.

Our secondary property development had entered into a phase of completion and delivered to customers. In 2012, 2,619 square meters of our Lake Malaren Silicon Valley Project were completed. Thus, revenue of RMB104 million and cost of RMB46 million were recorded accordingly during this financial year.

Due to the successful hosting of 2012 BMW Masters Golf tournament (“the Tournament”) and 2011 Lake Malaren Masters Golf tournament in Lake Malaren of our Shanghai Luodian project, the golf operations recorded revenue of RMB86 million during the financial year compared with RMB59 million in 2011, which were up by 47%.

In 2012, the hotel operations and investment property leasing operations recorded revenues of RMB65 million and RMB11 million, respectively, which were up by 39% and 176% compared with 2011. The performance substantially benefited from the successful hosting of the Tournament.

Other income decreased by RMB11 million compared with 2011, which mainly resulted from i) the foreign exchange gain decreased by RMB8 million due to depreciation of RMB against US dollar in 2012; ii) the interest income decreased by RMB12 million in this financial year, which primarily resulted from the decline of cash and bank balance and bank deposit interest rate; and iii) reversal of bad debt provision of RMB8.12 million in 2012 as we have collected the receivables for our Changchun project, whereas no such reversal in prior year. Thus, the net effect of the other income decreased when compared with 2011.

Operating expense

Selling and distribution costs

During the financial year, selling and distribution costs dropped by RMB44 million compared with 2011 mainly due to the decrease of the expense of the Tournament decreased from RMB99 million to RMB35 million because of the sponsorship from BMW, offset by advertisement expense of RMB19 million charged for secondary property development during 2012.

Administrative expenses

Administrative expenses incurred during the financial year were basically in line with 2011.

Other expenses

In 2012, other expense decreased by RMB191 million compared with the 2011, which mainly resulted from a bad debt provision of RMB221 million recorded in 2011, whereas no such circumstance incurred in this financial year.

On the other hand, during this financial year, considering the suspension and uncertainty of construction progress of the hotel in our Shenyang project, RMB16 million of impairment was made for the property under construction.

The impairment loss amount includes: a) design work amounted to RMB2.6 million; b) land prospect and related appraisal amounted to RMB0.25 million and; and c) land construction amounted to RMB13.14 million. The suspension is due to Dongling district (where Shenyang Lixiang project is located) and the neighbour district - Hunnan district are going to be merged into one new larger Hunnan area. Hence, the established construction criteria like the scale, design and appearance of the hotel has to be adjusted according to the new development plan to be issued by the local authority. Considering that there will be a foreseeable long span of time on the readjustment being taken by the government, and an uncertain return on investment period, the company decided to suspend the construction of the hotel, and accordingly an impairment loss of the property under construction in the fourth quarter of 2012.

Non-operating activities

Pursuant to the valuation made as at 31 December 2012 by DTZ, the value of relevant investment properties had increased by RMB61 million compared with the book value of such properties at the end of 2011 (appreciation in value of 8%). The appreciation in value arose from valuation of the retail street and the transportation hub within our Shanghai Luodian project. The increase was attributable to commercial properties lease market rebound since the second quarter of 2012. Meanwhile, the rental rate of commercial properties has risen along with increasingly improved auxiliary facilities and environment of our new town, which led to an appreciation of those properties within the area.

The details of completed investment properties are summarized as below:

Property	Completion Year	Occupancy Rate	Average Rental (RMB per sq.m. per month)
Various shops in Retail Street of Luodian, Shanghai	2004	86%	18
Retail portion of Transport Center of Luodian Shanghai	2010	91%	27
Various shops in Retail Street, Xinhong Road, Hongshan Wuxi	2008	64%	7

Finance cost

During the financial year, we have recorded total net finance costs of RMB81 million, which comprised of RMB270 million interest expenses, partially offset by interests capitalized of RMB189 million. This compares with net finance costs of RMB49 million for 2011. The increase was mainly due to the increase of average interest rate resulted from the credit trust loan with higher interest rate of 12.65%, which came into effect since the fourth quarter of 2011.

Taxation

The Company recorded the income tax of RMB37 million in 2012, which was comprised of income tax of RMB32 million arising from net profit before tax of RMB82 million and land appreciation tax of RMB5 million.

Liquidity

Overall, cash and bank balance (excluding restricted deposits) has decreased RMB118 million over the year with a balance of RMB229 million as at the end of 2012, which is mainly attributable to a decrease of RMB24 million from operating activities and a decrease of RMB131 million from finance activities offset by an increase of RMB38 million from investing activities.

Gearing ratio (as measured by net debt / total equity holders' capital and net debt) was kept unchanged in the ratio of 46% compared with the end of 2011.

b) <u>Details of important event affecting the Company and its subsidiaries which have occurred since the end of the financial year:</u>

2012 was a year of great significance in the history of China's urbanization development. The 18th National Congress of Communist Party of China ("18th NCCPC") was successfully held in November and the new central leadership was elected. The 18th NCCPC report stressed urbanization in numerous occasions. It also set the target to double its GDP and per capital income for both urban and rural residents by 2020 and emphasized the importance of following the path of carrying out industrialization in a new way and advancing IT application, urbanization and agricultural modernization with Chinese characteristics. As Li Keqiang, one of the new leaders, pointed out, China's economic growth in future must rely on domestic demand instead of export and urbanization will be the major drive of domestic demand. Over the next decade, China will speed up its urbanization process.

According to the data of National Bureau of Statistics of China, China's urbanization rate climbed steadily to 52.6% in 2012, up 1.3% as compared with last year and representing a rapid growth rate of more than 1% a year. As such, despite of the continuous macro curbing policy on the real estate sector for the third consecutive year, China's urbanization development pace has never been slowed down. Based on the 18th NCCPC report and as predicted by experts and scholars, urbanization rate of China will surpass 60% in 2020. Undoubtedly, the targets mentioned above will provide tremendous opportunities for China's urbanization development as well as the long-term sustainable development of the property market.

Being a pioneer in China's new town development, CNTD mainly engages in clearing and preparing land and development of new town while undertaking joint development projects in primary and secondary property market according to circumstances. Against the continued macroeconomic curbing policy on real estate and stagnant demand and supply in the land market in the first half of 2012, the transacted value and floor space in the secondary real estate market across the country started to pick up since turnaround in August and slightly rebound in the fourth quarter. The land market also picked up following an initial dip. Although overall demand and supply remained weak, we saw an upsurge in land supply and land acquisition in the fourth quarter.

Looking forward to 2013, we are fully aware of the huge challenges and opportunities in the course of China's urbanization development. The land market and real estate sector will continue to face challenges arising from policies and cyclical industry change. Being in the capital intensive industries, we are delighted to notice that China Development Bank, one of the three policy banks in China, announcements that more than 50% of its new loan to be granted in 2013 will be allocated to urbanization and ancillary infrastructure construction.

We believe, as a result of urbanization progress and under existing policies, the primary land market will trend towards being more rational and consumer demand focus. The new town development projects of CNTD can fit into the economic trend and strategic development of the country and realize the maximum value.

It was announced that the Company, CDBIH and SREI entered into a non-binding MOU regarding a possible investment in the Company in the form of subscription of new shares. For more detail please refer to Note 21 subsequent event and the Announcement published on 18 March 2013.

c) An indication of likely future developments in the business of the Company and its subsidiaries:

As we mentioned in the section discussing operating environment, against the continued macroeconomic curbing policy on real estate and stagnant demand and supply in the land market in the first half of 2012, the transacted value and floor space in the secondary real estate market across the country started to pick up since turnaround in August and slightly rebound in the fourth quarter. The land market also picked up following an initial dip. Although overall demand and supply remained weak, we saw an upsurge in land supply and land acquisition in the fourth quarter.

As to the property development aspect, our major projects Lake Malaren Silicon Valley, UHO and Chengdu Pi County project all entered sales phase and Lake Malaren Silicon Valley has entered into delivery phase and accordingly booked as revenue of 2012.

Meanwhile, revenue from our investment properties also substantially increased compared with last year mainly resulted from the successful hosting of the Tournament.

APPRECIATION

It is the Board's privilege to express our gratitude to our strategic investors and shareholders for their unstinting trust and support and to offer my heartfelt thanks to all directors, executives and staff members in the Group for their team spirit and loyalty throughout the challenging year.

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

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 2012.

MOVEMENTS IN SECURITIES

On 13 July 2012, a total of 585,000,000 new ordinary shares were privately placed to not less than six placees. The net proceeds from the private placement were approximately HK$202 million[, and all proceeds from the Placing had been used for land development of the Company.]

On 27 December 2012, a total of 7,357,500 new ordinary shares were issued to entitled persons who exercised the 5th tranche of share options vested under the Management Grant which was adopted on 5 July 2007.

CORPORATE GOVERNANCE

The Board has reviewed its corporate governance practices and ensures that the Company is in compliance with all principles and guidelines of the Code of Corporate Governance 2012 (the "Singapore Code") and the code provisions of the Corporate Governance Code and Corporate Governance Report (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") throughout the year except for guideline 10.3 of Singapore Code and the code provision C.1.2 HK Code regarding monthly performance updates to directors for the reasons that, after careful consideration, the Management considered that quarterly updates by way of detailed financial results announcement is sufficient for directors to understand and well note the business performance. Furthermore, the Company has a unique business model with major revenue arise from land sales. Such sales are expected to be executed in relatively long spans of time given the application of land auctions is required to be in line with the government's land grant quota and schedule. Details of each land sale together with its implication on the Company's performance would be timely communicated to the directors at early stage and announcements in relation to land auctions be published immediately after listing and completion of sale of land use rights.

In addition, the Company temporally failed to comply with the guideline 2.1 of Singapore Code due to the retirement of Mr. Loh Weng Whye as an independent non-executive director of the Company on 30 April 2012 and the Nominating Committee of the Company no longer comprised a minimum of three members as required under guideline 4.1 of Singapore code. The Board also noted that following the retirement of Mr. Loh, the Company was unable to meet the requirement of Rule 221 of the SGX Listing Manual. The Company subsequently appointed Mr. E Hock Yap as an independent non-executive director and the chairman of the Nominating Committee on 29 May 2012, and hence complied with the Code and Rule 221 of the SGX Listing Manual.

DIRECTORS' COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Specific enquiry has been made of all Directors, who have confirmed that they complied with required standard set out in the Model Code.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2012, there were 1,168 (2011: 1,175) 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.

FINAL DIVIDENDS AND DATE OF BOOK CLOSURE

The Board of Directors has resolved not to recommend the payment of final dividend in respect of the year ended 31 December 2012 (2011: nil).

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The audited annual results for the year ended 31 December 2012 have been reviewed by the Audit Committee.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement of the Company is published on the website of the Company (www.china-newtown.com), HKEX (www.hkexnews.hk) and SGX-ST (www.sgx.com). The annual report of the Company for 2012 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the above websites in due course.

By order of the Board
China New Town Development Company Limited
Cai Lijun
Chief Financial Officer

Hong Kong and Singapore, 20 March 2013

As at the date of this announcement, the executive directors are Mr. Shi Jian (Chairman), Mr. Li Yao Min, Mr. Yue Wai Leung Stan, Mr. Shi Janson Bing, Ms. Gu Biya, Mr. Mao Yiping, Mr. Yang Yonggang, Ms. Song Yiqing and Mr. Qian Yifeng and the independent non-executive directors are Mr. Henry Tan Song Kok, Mr. Lam Bing Lun Philip and Mr. Kong Siu Chee, Mr. Zhang Hao and Mr. E Hock Yap.