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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0337)

2012 ANNUAL RESULTS ANNOUNCEMENT

KEY INFORMATION IN FY2012

- Contracted sales of RMB3,008 million
- Recognized revenue of RMB1,767 million
- Loss attributable to equity shareholders of RMB938 million
- Disposal of Wuxi Chao Yang Men Project in June 2012 at the total consideration of RMB965.7 million
- Disposal of Huangpu Zhongxin City Project in November 2012 at the total consideration of RMB95 million

The Board of Directors (The "Board") of SPG Land (Holdings) Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Note	**2012** *RMB'000*	2011 *RMB'000*
Revenue	*7*	**1,766,535**	5,677,523
Cost of sales		**(1,361,577)**	(3,738,880)
Gross profit		**404,958**	1,938,643
Other income	*8*	**17,691**	169,310
Selling and marketing costs		**(94,615)**	(105,203)
Administrative expenses		**(316,483)**	(368,856)
Other operating expenses	*9*	**(571,114)**	(109,372)
Net gain on disposal of interests in a subsidiary	*6*	**134,499**	–
Results from operating activities		**(425,064)**	1,524,522
Finance income		**99,003**	38,937
Finance expenses		**(277,226)**	(67,483)
Fair value changes on financial derivatives	*20,21*	**852**	(25,209)
Net finance expenses	*12*	**(177,371)**	(53,755)
Share of losses of associates		**(102,252)**	(68,639)
Share of losses of jointly controlled entity	*24*	**(32,579)**	(3,333)
(Loss)/Profit before revaluation losses on investment properties and income tax		**(737,266)**	1,398,795
Revaluation losses on investment properties	*22*	**(65,490)**	(28,844)
(Loss)/Profit before income tax		**(802,756)**	1,369,951
Income tax expense	*13*	**(185,604)**	(486,631)
(Loss)/Profit for the year		**(988,360)**	883,320
(Loss)/Profit attributable to:			
Equity holders of the Company		**(938,248)**	898,320
Minority interests		**(50,112)**	(15,000)
(Loss)/Profit for the year		**(988,360)**	883,320
(Loss)/Earnings per share			
Basic (loss)/earnings per share (RMB)	*15*	**(0.92)**	0.86
Diluted (loss)/earnings per share (RMB)	*15*	**(0.92)**	0.86

	Note	2012 RMB'000	2011 RMB'000
(Loss)/Profit for the year		**(988,360)**	883,320
Other comprehensive income for the year			
Exchange differences		**(43)**	243
Total comprehensive income for the year		**(988,403)**	883,563
Total comprehensive income attributable to:			
Equity holders of the Company		**(938,291)**	898,563
Minority interests		**(50,112)**	(15,000)
Total comprehensive income for the year		**(988,403)**	883,563

CONSOLIDATED BALANCE SHEET AND COMPANY BALANCE SHEET

As at 31 December 2012

		Group		Company	
		2012	2011	**2012**	2011
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Assets					
Property, plant and equipment		**959,388**	1,004,473	**–**	–
Intangible assets		**1,521**	1,566	**–**	–
Land use rights		**76,826**	78,699	**–**	–
Other investments		**35,432**	14,032	**–**	–
Properties under development		**4,062,629**	6,618,792	**–**	–
Investment properties	*22*	**1,758,000**	1,651,000	**–**	–
Interests in associates	*23*	**980,325**	1,194,608	**–**	–
Interests in a jointly controlled entity	*24*	**702,556**	735,135	**–**	–
Investment in subsidiaries		**–**	–	**4,143,447**	4,101,382
Long-term receivable	*17*	**746,590**	814,186	**–**	–
Deferred tax assets		**240,571**	211,067	**–**	–
Total non-current assets		**9,563,838**	12,323,558	**4,143,447**	4,101,382
Properties under development		**2,380,515**	4,452,903	**–**	–
Completed properties held for sale		**2,694,340**	1,533,109	**–**	–
Other investments		**165,436**	10,824	**–**	–
Trade, other receivables and advance deposits	*16*	**2,230,835**	2,439,436	**424,030**	424,020
Long-term receivable within one year	*17*	**175,007**	125,486	**–**	–
Restricted cash		**832,697**	1,307,467	**–**	–
Cash and cash equivalents		**816,836**	1,645,026	**161**	39,799
Assets classified as held for sale	*25*	**4,193,626**	–	**–**	–
Total current assets		**13,489,292**	11,514,251	**424,191**	463,819
Total assets		**23,053,130**	23,837,809	**4,567,638**	4,565,201
Equity					
Share capital		**106,591**	106,591	**106,591**	106,591
Share premium		**2,069,086**	2,069,086	**2,069,086**	2,069,086
Reserves		**790,566**	790,993	**315,142**	309,670
Retained earnings/(Accumulated losses)		**1,312,056**	2,258,044	**(213,702)**	(16,225)
Total equity attributable to equity holders of the Company		**4,278,299**	5,224,714	**2,277,117**	2,469,122
Minority interests		**31,273**	81,385	**–**	–
Total equity		**4,309,572**	5,306,099	**2,277,117**	2,469,122

	Note	Group 2012 RMB'000	Group 2011 RMB'000	Company 2012 RMB'000	Company 2011 RMB'000
Liabilities					
Interest-bearing loans		**3,873,190**	2,077,615	**–**	–
Trade, other payables and advance receipts	*18*	**7,207,334**	9,512,430	**628,896**	462,471
Tax payable		**1,187,142**	1,209,234	**–**	–
Long-term payable within one year	*19*	**6,000**	6,000	**–**	–
Total liabilities associated with assets classified as held for sale	*25*	**3,188,578**	–	**–**	–
Total current liabilities		**15,462,244**	12,805,279	**628,896**	462,471
Interest-bearing loans		**1,730,822**	4,174,690	**–**	–
Long-term payable	*19*	**37,067**	39,997	**428,025**	402,190
Financial derivatives	*21*	**890**	1,742	**–**	–
Senior notes	*20*	**1,233,600**	1,231,418	**1,233,600**	1,231,418
Deferred tax liabilities		**278,935**	278,584	**–**	–
Total non-current liabilities		**3,281,314**	5,726,431	**1,661,625**	1,633,608
Total liabilities		**18,743,558**	18,531,710	**2,290,521**	2,096,079
Total equity and liabilities		**23,053,130**	23,837,809	**4,567,638**	4,565,201
Net current (liabilities)/assets		**(1,972,952)**	(1,291,028)	**(204,705)**	1,348
Total assets less current liabilities		**7,590,886**	11,032,530	**3,938,742**	4,102,730

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND GROUP REORGANISATION

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

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

2. BASIS OF PREPARATION

The consolidated results of the Group for the year ended 31 December 2012 include the results of the Company and its subsidiaries from 1 January 2012, or their respective dates of incorporation. The consolidated balance sheet at 31 December 2012 is a consolidation of the balance sheets of the Company and its subsidiaries at the respective balance sheet dates. All material intra-group transactions and balances have been eliminated on consolidation. In the opinion of the directors, the consolidated financial statements prepared on this basis present fairly the results of operations and the state of affairs of the Group as a whole.

(a) Statement of compliance

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

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

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policy policies set out below:

- investment properties;
- other investment in debt and equity securities; and
- derivative financial instruments.

Non-current assets and disposal group held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The financial statements have been prepared on the basis that the Group will continue to operate throughout the next twelve months as a going concern. The Group's current liabilities exceeded its current assets by RMB1,972,952,000 as at 31 December 2012 (2011: RMB1,291,028,000). Based on the anticipated ability of the Group to obtain continued bank financing and the estimated proceeds from the disposal of certain projects and the property pre-sale of certain projects to finance its continuing operation, the Company's directors have prepared the financial statements on a going concern basis.

(c) Functional and presentation currency

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

3. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a few amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following development is relevant to the Group's financial statements:

- Amendments to IFRS 7, *Financial instruments: Disclosures – Transfers of financial assets*

- Amendments to IAS 12, *Income taxes – Deferred tax: recovery of underlying assets*

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

– Amendments to IFRS 7, *Financial instruments: Disclosures – Transfers of financial assets*

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

– Amendments to IAS 12, *Income taxes – Deferred tax: recovery of underlying assets*

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

In respect of the Group's investment properties which are all located in Mainland China, the directors determined that these properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and consequently the presumption in the amended IAS 12 is rebutted for these properties. As a result, the Group continues to measure the deferred tax relating to these properties using the tax rate that would apply as a result of recovering their value through use. Thus, the amendments to IAS 12 have no material impact on the Group's consolidated financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The following critical accounting policies involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

(i) Valuation of investment properties

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

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

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

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

(ii) Impairment of non-financial assets

If circumstances indicate that the carrying amounts of non-financial assets (other than investment properties, properties under development, completed properties held for sale, inventories and deferred tax assets) may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(iii) Write-down of properties under development and completed properties held for sale

Management performs a regular review on the carrying amounts of properties under development and completed properties held for sale. Based on management's review, write-down of properties under development and completed properties held for sale will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties held for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from independent property valuers and internally available information, as bases for evaluation.

In respect of properties under development, the estimate of net realisable value requires the application of a risk-adjusted discount rate to the estimated future cash flows to be derived from these properties. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the estimated costs to completion of properties, the legal and regulatory framework and general market conditions.

(iv) **Recognition of deferred tax assets**

At 31 December 2012, the Group has recognised deferred tax assets in relation to the unused tax losses. The ability to realise the deferred tax assets mainly depends on whether it is probable that future taxable profits will be available against which related tax benefits under the deferred tax assets can be utilised. In cases where the actual future taxable profits generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss for the period in which such a reversal takes place.

(v) **PRC land appreciation tax**

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its PRC land appreciation taxes calculation and payments with most of local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these PRC land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

5. SEGMENT REPORTING

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

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

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

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

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

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

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

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

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment results do not include fair value change on financial derivatives, share-based payments, gain on disposal of equity interest in subsidiaries, share of losses of associates, share of losses of jointly controlled entity and any other transactions managed at the corporate level.

For the year ended 31 December 2012

Expressed in RMB'000	**Sales of property**	**Lease of property**	**Hotel & related services**	**Education**	**Property management & other related services**	**Total**
Revenue from external customers	**1,415,373**	**50,528**	**142,156**	**74,917**	**83,561**	**1,766,535**
Inter-segment revenue	**–**	**–**	**–**	**–**	**9,776**	**9,776**
Reportable segment revenue	**1,415,373**	**50,528**	**142,156**	**74,917**	**93,337**	**1,776,311**
Reportable segment (loss)/profit	**(848,360)**	**(44,636)**	**(84,369)**	**6,821**	**(4,070)**	**(974,614)**
Interest income	**89,663**	**2,574**	**3,753**	**548**	**2,465**	**99,003**
Interest expenses	**(214,867)**	**(23,161)**	**(31,988)**	**(8,431)**	**–**	**(278,447)**
Revaluation losses on investment properties	**–**	**(65,490)**	**–**	**–**	**–**	**(65,490)**
Reportable segment assets	**19,220,811**	**1,758,000**	**1,948,000**	**324,172**	**186,227**	**23,437,210**
Additions to non-current segment assets during the year	**13,742**	**166,767**	**832**	**6,820**	**202**	**188,363**
Reportable segment liabilities	**16,098,813**	**808,980**	**1,620,679**	**235,826**	**140,599**	**18,904,897**
Depreciation and amortisation	**14,809**	**–**	**48,395**	**12,158**	**470**	**75,832**

For the year ended 31 December 2011

Expressed in RMB'000	Sales of property	Lease of property	Hotel & related services	Education	Property management & other related services	Total
Revenue from external customers	5,417,462	36,430	80,858	77,343	65,430	5,677,523
Inter-segment revenue	–	–	–	–	23,852	23,852
Reportable segment revenue	5,417,462	36,430	80,858	77,343	89,282	5,701,375
Reportable segment profit/(loss)	995,140	(67,252)	(106,494)	4,097	(6,387)	819,104
Interest income	28,352	566	8,760	100	1,159	38,937
Interest expenses	(87,201)	(25,225)	(14,226)	(12,329)	–	(138,981)
Revaluation losses on investment properties	–	(28,844)	–	–	–	(28,844)
Reportable segment assets	19,819,429	1,651,000	2,407,164	308,566	168,413	24,354,572
Additions to non-current segment assets during the year	17,928	122,492	8,030	11,404	311	160,165
Reportable segment liabilities	16,114,776	645,020	1,996,662	227,041	89,971	19,073,470
Depreciation and amortisation	11,949	–	37,612	13,770	440	63,771

Reconciliation of reportable segment revenues, profit, assets and liabilities

Revenue	**2012** **RMB'000**	2011 RMB'000
Reportable segment revenue	**1,776,311**	5,701,375
Elimination of inter-segment revenue	**(9,776)**	(23,852)
Consolidated revenue	**1,766,535**	5,677,523

(Loss)/Profit	**2012** **RMB'000**	2011 RMB'000
Reportable segment (loss)/profit	**(974,614)**	819,104
Elimination of inter-segment (profits)/losses	**(8,794)**	1,526
Fair value change on financial derivatives	**852**	(25,209)
Compensation income	**–**	160,997
Share-based payments	**(5,472)**	(1,126)
Net gain on disposal of equity interests in a subsidiary	**134,499**	–
Share of losses of associates	**(102,252)**	(68,639)
Share of losses of jointly controlled entity	**(32,579)**	(3,333)
Consolidated (loss)/profit after income tax	**(988,360)**	883,320

Assets	**2012** **RMB'000**	2011 RMB'000
Reportable segment assets	**23,437,210**	24,354,572
Elimination of inter-segment receivables	**(1,434,885)**	(1,814,430)
Elimination of inter-segment investments	**(632,076)**	(632,076)
Interests in associates	**980,325**	1,194,608
Interests in a jointly controlled entity	**702,556**	735,135
Consolidated total assets	**23,053,130**	23,837,809

Liabilities	**2012** **RMB'000**	2011 RMB'000
Reportable segment liabilities	**18,904,897**	19,073,470
Elimination of inter-segment payables	**(1,434,885)**	(1,814,430)
Senior notes	**1,272,656**	1,270,928
Financial derivatives	**890**	1,742
Consolidated total liabilities	**18,743,558**	18,531,710

Geographical information

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

Information about major customers

For the year ended 31 December 2012 and 2011, no single customer contributes 10% or more of the total sales of the group.

6. DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY

On 30 June 2012, the Group entered into a share sale and purchase agreement with an independent third party. Pursuant to the agreement, the Group has agreed to sell 100% equity interests in Shanghai Yingjun Investment Management Co., Ltd. (the "Target Company") and Wuxi Shengdong Property Development Co., Ltd. (the "Project Company") for a total consideration of RMB965,709,000.

As at 31 December 2012, although the Group retained 49% equity interest in the Target Company and the Project Company (the "Disposal Group"), the Group has lost control over the Disposal Group. Gain from disposal of subsidiary is recognised as follows:

	RMB'000
Assets:	
Property, plant and equipment	799
Properties under development	401,834
Trade, other receivables and advanced deposits	424,932
Restricted cash	2,500
Cash at bank and cash in hand	1,200
Liabilities:	
Trade and other payables	(55)
Net assets attributable to the Group	831,210
Net gain on disposal of interests in a subsidiary	134,499
Total consideration	965,709
Amount due from the third party as at 31 December 2012	(615,709)
Cash consideration received during 2012	350,000
Cash at bank and cash in hand disposed of	(1,200)
Net cash inflow arising on disposal during 2012	348,800

7. REVENUE

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

	2012	2011
	RMB'000	*RMB'000*
Sales of properties	**1,415,373**	5,417,462
Rental income	**50,528**	36,430
Property management income	**71,193**	44,595
Sales of goods and rendering of services	**12,368**	20,835
Tuition fee	**74,917**	77,343
Hotel operation income	**142,156**	80,858
Total	**1,766,535**	5,677,523

8. OTHER INCOME

	2012	2011
	RMB'000	*RMB'000*
Compensation	**–**	160,997
Government grants	**1,699**	2,474
Forfeited deposits from customers	**4,228**	794
Gain on disposal of fixed assets	**5,025**	692
Others	**6,739**	4,353
Total	**17,691**	169,310

9. OTHER OPERATING EXPENSES

		2012	2011
		RMB'000	*RMB'000*
Penalties	*(a)*	**217,224**	22,086
Write-down of properties under development and completed properties held for sale	*(b)*	**329,765**	81,146
Loss on disposal of interests in an associate *(note 23(a))*		**17,031**	–
Donations		**5,495**	5,478
Loss on disposal of fixed assets		**126**	153
Others		**1,473**	509
Total		**571,114**	109,372

(a) Penalties mainly represent RMB210,970,000 for cancelling of land purchase contracts.

(b) As of 31 December 2012, the Group assessed the net realisable value of its properties. As a result, the carrying amounts of certain properties under development were written down by RMB207,686,000 (2011: RMB37,912,000), and the carrying amounts of certain completed properties held for sale were written down by RMB122,079,000 (2011: RMB43,234,000).

10. PERSONNEL EXPENSES

	2012 *RMB'000*	2011 *RMB'000*
Wages and salaries	**165,647**	179,607
Contributions to defined contribution plans	**31,247**	21,706
Staff welfare, bonuses and other allowances	**26,186**	25,527
Equity-settled share-based payment expenses	**5,472**	1,126
Total	**228,552**	227,966

11. EXPENSES BY NATURE

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

	2012 *RMB'000*	2011 *RMB'000*
Cost of properties sold	**994,873**	3,215,888
Auditors' remuneration		
– audit services	**4,250**	3,810
– audit-related services	**300**	1,100
Depreciation	**73,914**	61,848
Amortisation of land use rights	**1,873**	1,879
Operating lease charges	**12,837**	15,572

12. FINANCE INCOME AND EXPENSES

	2012 *RMB'000*	2011 *RMB'000*
Interest income on bank deposits	**36,639**	38,937
Interest income on long-term receivable measured at amortised cost *(note 17)*	**62,364**	–
Finance income	**99,003**	38,937
Interest expenses on interest-bearing loans and senior notes	**(809,788)**	(633,379)
Less: interest capitalised	**531,341**	494,398
Net interest expenses on interest-bearing loans and senior notes	**(278,447)**	(138,981)
Interest expenses on long-term payable measured at amortised cost	**(3,070)**	(3,259)
Net change in fair value of other investments	**1,618**	(207)
Net foreign exchange gain	**2,673**	74,964
Finance expenses	**(277,226)**	(67,483)
Fair value changes on financial derivatives *(notes 20 and 21)*	**852**	(25,209)
Net finance expenses	**(177,371)**	(53,755)

13. INCOME TAX EXPENSE

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

	2012 *RMB'000*	2011 *RMB'000*
Current tax		
Provision for PRC enterprise income tax for the year	**77,070**	394,778
Provision for PRC land appreciation tax for the year	**132,656**	124,082
	209,726	518,860
Deferred tax		
Origination and reversal of temporary differences	**21,759**	(128,306)
Benefit of tax losses recognised	**(50,912)**	(8,731)
Deferred PRC land appreciation tax	**5,031**	104,808
	(24,122)	(32,229)
Total income tax expense	**185,604**	486,631

Enterprise income tax

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the year ended 31 December 2012.

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

Pursuant to the Corporate Income Tax Law ("New Tax Law") of the PRC passed by the Fifth Plenary Session of the Tenth National People's Congress on 16 March 2007 and effective from 1 January 2008, the Group's main project companies were subject to PRC income tax at a rate of 25% (2011: 25%).

Land appreciation tax

PRC land appreciation tax is levied on properties developed for sale by the Group at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all property development expenditures. Land appreciation tax of RMB137,687,000 has been included in profit or loss for the year ended 31 December 2012 (2011: RMB228,890,000).

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

	2012	2011
	RMB'000	*RMB'000*
(Loss)/Profit before income tax	**(802,756)**	1,369,951
Less: PRC land appreciation tax	**(137,687)**	(228,890)
	(940,443)	1,141,061
Tax calculated at the rates applicable to respective companies that comprise the Group	**(124,720)**	221,882
Tax effect of share of results of associates and jointly controlled entity	**23,716**	148
Non-deductible expenses, net of non-taxable income	**33,747**	2,644
Unrecognised deferred tax assets	**112,038**	33,195
Under/(over)-provision in prior years	**3,136**	(128)
	47,917	257,741
PRC land appreciation tax	**137,687**	228,890
Total	**185,604**	486,631

In accordance with the accounting policy, the Group has not recognised deferred tax assets in respect of cumulative tax losses of certain subsidiaries for the year ended 31 December 2012 as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

14. DIVIDENDS

	2012	2011
	RMB'000	*RMB'000*
Final dividends in respect of previous financial year, declared and paid during the year (2011:RMB0.065) (i)	**–**	68,390
Final dividends proposed after the balance sheet date (ii)	**–**	–

(i) In the meeting held on 23 March 2012, the Board of Directors resolved not to propose cash dividends for the year ended 31 December 2011, which was approved at the Annual General Meeting held on 1 June 2012.

(ii) The Board of Directors has resolved not to propose dividends in respect of the year ended 31 December 2012.

15. (LOSS)/EARNINGS PER SHARE

Basic and diluted (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased of the Group and held for Share Award Scheme.

	2012	2011
	RMB'000	*RMB'000*
(Loss)/profit attributable to equity holders of the Company	**(938,248)**	898,320

	Number of shares	
	2012	2011
Weighted average number of ordinary shares in issue at 1 January	**1,045,874,656**	1,051,128,275
Effect of Share Award Scheme	**(24,445,905)**	(5,253,619)
Weighted average number of ordinary shares in issue at 31 December	**1,021,428,751**	1,045,874,656

The average market value of the Company's ordinary shares for the purpose of calculating the dilutive effect of awarded shares was based on quoted market prices for the period during which the awarded shares were outstanding. In respect of the diluted (loss)/earnings per share, no adjustment has been made to the basic (loss)/earnings per share for the years ended 31 December 2012 and 2011 as the impact of the share awards outstanding during these years had no dilutive effect on the basic (loss)/earnings per share.

16. TRADE, OTHER RECEIVABLES AND ADVANCE DEPOSITS

	Group		Company	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Receivables due from related parties:				
– Subsidiaries	**–**	–	**424,000**	423,990
– Other related parties	**124,137**	103,223	**30**	30
	124,137	103,223	**424,030**	424,020
Trade receivables due from third parties	**31,759**	14,599	**–**	–
Advance payments to contractors	**166,966**	136,958	**–**	–
Advance deposits for acquisition of land use rights	**500,925**	1,532,975	**–**	–
Non-trade receivables	**1,056,417**	414,274	**–**	–
Tax prepayments	**350,631**	237,407	**–**	–
Total	**2,230,835**	2,439,436	**424,030**	424,020

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

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

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

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

	Group	
	2012	2011
	RMB'000	*RMB'000*
Within 90 days	**31,559**	14,322
Over 90 days and within 180 days	**192**	7
Over 180 days and within 365 days	**8**	270
	31,759	14,599

17. LONG-TERM RECEIVABLE

	Term	Initial Cost	Group	
			2012	2011
		RMB'000	***RMB'000***	*RMB'000*
Long-term receivable	10 years	1,300,000	**921,597**	939,672
Less: Long-term receivable due within 1 year			**(175,007)**	(125,486)
Long-term receivable due after 1 year			**746,590**	814,186

The amount is repayable as follows:

	2012	2011
Within 1 year	**175,007**	125,486
Over 1 year and within 2 years	**113,237**	113,103
Over 2 years and within 5 years	**292,289**	247,166
After 5 years	**341,064**	453,917
	921,597	939,672

Long-term receivable represents shareholders' loan provided to Tianyuan Lifeng. The amount is non-interest bearing and repayable in 10 annual instalments of RMB130,000,000 each, starting from 11 June 2012 as rescheduled. Interest income of RMB62,364,000 (note 12) was recognised in relation to the long-term receivable during the year (2011: RMB nil).

18. TRADE, OTHER PAYABLES AND ADVANCE RECEIPTS

	Group		Company	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Payables due to related parties:				
Non-trade related:				
– Dividends payable	**9,173**	9,173	**–**	–
– Subsidiaries	**–**	–	**589,677**	415,625
– Other related parties	**11,897**	2,532,049	**–**	–
	21,070	2,541,222	**589,677**	415,625
Trade payables	**2,083,819**	2,776,785	**–**	–
Advance receipts from customers	**3,818,063**	2,955,884	**–**	–
Other taxes payable	**23,102**	37,812	**–**	–
Dividends payable	**163**	163	**163**	163
Unpaid land cost	**912,221**	890,081	**–**	–
Non-trade payables and accrued expenses	**348,896**	310,483	**39,056**	46,683
Total	**7,207,334**	9,512,430	**628,896**	462,471

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

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

	Group	
	2012	2011
	RMB'000	*RMB'000*
Within 90 days	**583,453**	1,272,165
Over 90 days and within 180 days	**527,651**	420,679
Over 180 days and within 365 days	**566,961**	583,922
Over 365 days and within 3 years	**405,754**	500,019
	2,083,819	2,776,785

19. LONG-TERM PAYABLE

	Term	Initial Cost	Group	
			2012	2011
		RMB'000	***RMB'000***	*RMB'000*
Long-term payable	15 years	58,453	**43,067**	45,997
Less: Long-term payable due within 1 year			**(6,000)**	(6,000)
Long-term payable due after 1 year			**37,067**	39,997

The amount is repayable as follows:

Within 1 year	**6,000**	6,000
Over 1 year and within 2 years	**5,682**	5,682
Over 2 years and within 5 years	**15,296**	15,296
After 5 years	**16,089**	19,019
	43,067	45,997

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

	Company	
	2012	2011
	RMB'000	*RMB'000*
Due to subsidiaries	**428,025**	402,190

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

20. SENIOR NOTES

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

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

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

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

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

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

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

	Liability component *RMB'000*	**Call option of the Company** *RMB'000*	**Total** *RMB'000*
Senior Notes issued on 8 April 2011	1,274,320	(22,842)	1,251,478
Interests and issue cost amortised during the year	129,519	–	129,519
Interest paid during the year	(85,791)	–	(85,791)
Exchange gain	(47,120)	–	(47,120)
Change in fair value	–	22,842	22,842
As at 31 December 2011	1,270,928	–	1,270,928
Interests and issue cost amortised during the year	181,072	–	181,072
Interests paid during the year	(176,145)	–	(176,145)
Exchange gain	(3,199)	–	(3,199)
Change in fair value *(note 12)*	–	–	–
As at 31 December 2012	1,272,656	–	1,272,656

Represented as	**31 December 2012** *RMB'000*	31 December 2011 *RMB'000*
– Other payables – accrued interests	**39,056**	39,510
– Senior notes	**1,233,600**	1,231,418
– Total	**1,272,656**	1,270,928

Liability component of the Notes represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate of the liability component is 14.257% per annum for the year ended 31 December 2012.

At 31 December 2012, the liability component of the Notes was repayable as follows:

	2012 *RMB'000*	2011 *RMB'000*
After two years but within five years	**1,233,600**	1,231,418

21. FINANCIAL DERIVATIVES

	2012	2011
	RMB'000	*RMB'000*
Interest rate swaps *(note 12)*	**890**	1,742

During the year ended 31 December 2012, interest rate swaps, denominated in Hong Kong dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure. At 31 December 2012, the Group had interest rate swaps with a notional contract amount of HKD400,000,000 (2011: HKD400,000,000) to fix the interest rate of certain bank borrowings so as to reduce the impact of interest rate fluctuation. The swaps mature over the next 2.5 years, matching the maturity of the related loans and have fixed swap rates ranging from 0.79% to 0.995%.

The fair value of interest rate swap is determined by discounting the future cash flows of the contracts at the current market interest rates. The changes in the fair value during the year resulted in a fair value gain of RMB852,000 (2011: loss of RMB2,367,000), which has been recorded as "Fair value changes on financial derivatives" in profit or loss for the year ended 31 December 2012.

22. INVESTMENT PROPERTIES

	2012	2011
	RMB'000	*RMB'000*
Balance at 1 January	**1,651,000**	1,948,000
Cost capitalised	**172,490**	122,492
Transfer to completed properties held for sale	**–**	(384,783)
Transfer to property, plant and equipment	**–**	(5,865)
Fair value adjustments:		
Recognised in profit and loss	**(65,490)**	(28,844)
Balance at 31 December	**1,758,000**	1,651,000

All the Group's investment properties are stated at fair value at 31 December 2012. The fair values were arrived at based on valuations carried out by DTZ Debenham Tie Leung Limited. The valuations, which conform to the Valuation Standards (First Edition 2005) on Valuation of Properties published by the Hong Kong Institute of Surveyors, have been determined by reference to comparable sales evidence and, where appropriate, by capitalisation of net rental income. The revaluation losses have been debited to profit or loss of the respective year, or, in the case of revaluation gains arising on transfer of an item of property, plant and equipment to investment properties following a change in use, to equity directly.

As at 31 December 2012, investment properties with a total carrying value of RMB1,331,000,000 (2011: RMB745,545,000) were pledged as collateral for the Group's borrowings.

23. INTERESTS IN ASSOCIATES

	Note	**2012** *RMB'000*	2011 *RMB'000*
Shanghai ZhongXin Asset Management Co., Ltd. ("Shanghai ZhongXin")	*(a)*	**–**	112,975
Peninsula Shanghai Waitan Hotel Company Limited ("Peninsula Waitan")	*(b)*	**976,815**	1,078,086
Shanghai Zhaozhi Shiye Co., Ltd. ("Shanghai Zhaozhi")	*(c)*	**3,510**	3,547
		980,325	1,194,608

(a) Shanghai ZhongXin

	2012 *RMB'000*	2011 *RMB'000*
Cost of investment	**–**	26,933
Goodwill on acquisition	**–**	2,794
Share of post-acquisition profit	**–**	62,248
Loan	**–**	21,000
	–	112,975

On 30 November 2012, the Group entered into a share sale and purchase agreement pursuant to which the Group has agreed to sell the equity interests in Shanghai ZhongXin at a total consideration of approximately RMB95 million. The disposal date is 12 December 2012.

	RMB'000
Cost of investment	26,933
Goodwill on acquisition	2,794
Share of post-acquisition profit	61,304
Loans from the Group	21,000
	112,031
Loss on disposal of interests in an associate *(note 9)*	(17,031)
Total consideration, satisfied in cash	95,000
Net cash inflow arising on disposal – Cash consideration received during 2012	95,000

(b) Peninsula Waitan

	2012	2011
	RMB'000	*RMB'000*
Cost of investment	**880,678**	880,678
Share of post-acquisition profits	**96,137**	197,408
	976,815	1,078,086

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

The share of post-acquisition profit of Peninsula Waitan for the year ended 31 December 2012 was mainly attributable to the revaluation gain on Peninsula Waitan's investment properties.

(c) Shanghai Zhaozhi

	2012	2011
	RMB'000	*RMB'000*
Cost of investment	**3,633**	3,633
Share of post-acquisition losses	**(123)**	(86)
	3,510	3,547

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

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

31 December 2012

In RMB'000	**Assets**	**Other liabilities**	**Shareholders' loans and equity**	**Revenue**	**Loss**
Peninsula Waitan	**5,381,754**	**3,400,266**	**1,981,488**	**395,206**	**(202,542)**
Shanghai Zhaozhi	**82,331**	**72,670**	**9,661**	**–**	**(103)**

31 December 2011

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

24. INTERESTS IN A JOINTLY CONTROLLED ENTITY

	2012	2011
	RMB'000	*RMB'000*
Tianyuan Lifeng	**702,556**	735,135
Cost of investment	**758,476**	758,476
Share of post-acquisition losses	**(55,920)**	(23,341)
	702,556	735,135

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

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

31 December 2012

In RMB'000	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Income**	**Expense**
Tianyuan Lifeng	**238,208**	**2,890,398**	**288,812**	**1,437,468**	**32**	**65,059**

31 December 2011

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

25. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 27 September 2012, the Group signed a letter of intent with Wuxi Taihu Xincheng Real Estate Development Co., Ltd., ("Taihu Xincheng"), the minority interest in Wuxi Xindu Real Estate Development Co., Ltd. ("Wuxi Xindu"), in respect of the proposed disposal of 60% equity interests in Wuxi Xindu held by the Group to Taihu Xincheng. Upon completion of the deal, Wuxi Xindu shall cease to be a subsidiary of the Group. The finalised equity transfer agreement was signed by both parties on 4 January 2013.

The major classes of assets and liabilities of the disposal group as at 31 December 2012, which have been presented separately in the consolidated balance sheet, are as follows:

	31 December 2012 *RMB'000*
Property, plant and equipment	**692**
Properties under development	**3,928,276**
Trade, other receivables and advanced deposits	**49,824**
Restricted cash	**100,000**
Cash at bank and cash in hand	**114,834**
Total assets classified as held for sale	**4,193,626**
Interest bearing loans	**(90,000)**
Trade and other payables	**(3,097,337)**
Tax payable	**(1,241)**
Total liabilities associated with assets classified as held for sale	**(3,188,578)**

As at 31 December 2012, properties under development within the disposal group amounting to RMB2,904,081,000 (2011: nil) were pledged as collateral for borrowings of Taihu Xincheng.

BUSINESS REVIEW

Results

During the year 2012, the easing measures by the People's Bank of China increased liquidity in the money market, and the gradual recovery of China's economy resulted in improvement in the sentiment of the property market. However, the implementation of measures aimed at curbing property speculation continued, resulting in a dampened demand for residential properties.

During the year ended 31 December 2012, the Group recorded a total revenue of approximately RMB1,767 million, a decline of approximately 69% from the same period last year. The decline was attributable to the lower gross floor area (GFA) sold and delivered during the year. Net loss attributable to equity holders of the Company was approximately RMB938 million, compared to a net profit of RMB898 million in 2011. Basic and diluted loss per share attributable to equity holders of the Company amounted to RMB0.92 per share, compared to a net profit of RMB0.86 per share in 2011.

Property Development

During the year, the total GFA sold and delivered amounted to 84,863 square meters, a 80% decline from the 429,646 square meters sold and delivered during 2011. The average selling price increased from RMB12,539 per square meter 2011 to RMB15,082 per square meter in 2012. Revenue derived from property sales in 2012 was approximately RMB1,415 million. The key projects that were completed and delivered in 2012 are as follows:

Item	**Approximate area sold and delivered in 2012**	**Approximate sales recognized in 2012**	**Average selling price (RMB/sqm)**
	sqm	*RMB'000*	*RMB/sqm*
Cambridge Forest Newtown	4,223	78,783	18,656
Cambridge Waters – Apartment	3,249	47,904	14,744
Cambridge Waters – Commercial	566	13,822	24,420
Haikou Florea – Apartment	3,928	62,021	15,789
Haikou Florea – Villa	5,440	130,291	23,951
Haikou Florea – Commercial	5,382	73,891	13,729
Kunming Metropolitan – Apartment	14,833	135,880	9,161
Kunming Metropolitan – Commercial	7,727	99,220	12,841
Changshu La Casa – Phase II – Townhouse	226	2,466	10,912
Changshu Emerald Bay	18,894	270,570	14,320
Suzhou Global 188 – Office building	544	13,325	24,494
Suzhou Global 188 – Apartment	1,756	42,059	23,952
Wuxi Xishuidong – Apartment	17,109	290,339	16,970
Wuxi Xishuidong – Commercial	986	19,341	19,616
Sub-total of Residential Sales	**84,863**	**1,279,912**	**15,082**
Cambridge Forest Newtown – Parking Lot		4,900	
Cambridge Waters – Parking Lot		9,999	
Kunming Metropolitan – Parking Lot		115,322	
Wuxi Xishuidong – Parking Lot		5,240	
Sub-total of Parking Lot Sales		**135,461**	
Total property sales		**1,415,373**	

During the year, the Group's contracted sales reached RMB3,008 million, compared to RMB3,207 million in 2011. Aggregate contracted GFA reached 287,413 square meters, compared to 188,904 square meters in 2011. The average contracted selling price was approximately RMB10,466 per square meter, compared to RMB16,979 per square meter in 2011. Despite the challenging business environment in 2012, the Group managed to maintain its average unit contracted selling price above RMB10,000, which was higher than the average market prices in the cities where the Group's projects are located.

During the period under review, projects in second tier cities continued to be the main contributors of contracted sales. The key projects that contributed significant portions of contracted sales are in Wuxi (34%), Haikou (25%), Changshu (17%), Kunming (9%), Taiyuan (6%), Suzhou (4%) and Shanghai (5%). The diversified geographical locations of these projects highlight the Group's strategy of making presence nationwide. These are all quality products located in cities with highest disposable income to capitalize on the strong demand for upgrades in living environment by homebuyers.

The Group's quality products continued to be highly appreciated by the market and its flexible marketing and sales strategy paid off during the period. Hai Chang Liu in Haikou, for instance, recorded a total sales of 260 units on the first day of its sales campaign on 2 December 2012, a record for the city. Close to 700 units were sold during the month of December.

Land Bank

The Group's current land bank is sufficient to support its development pipeline for the next years, and it is continuously looking for high quality lands with great potentials. As at 31 December 2012, the Group held a land bank of approximately 4.7 million square metres or 3.9 million square meters on an attributable basis, with prime sites strategically located in key cities in the Yangtze River Delta and provincial capital cities with regional economic importance.

Hotel Development

The Group's hotel portfolio continued to perform within expectations during the year, with revenue increased by 75% from RMB81 million in 2011 to approximately RMB142 million in 2012. The award-winning Peninsula Shanghai and the strategically located Holiday Inn Kangqiao Shanghai continued to achieve steady performance despite intensive competition in the hotel market in the city.

Peninsula Shanghai continued to win prestigious recognition for its superior design and services. In December 2012, Peninsula Shanghai Residence was named "Owner of the Year 2012 and the Best Luxury Hotel Serviced Apartment" by Insider Magazine.

Fraser Suite Suzhou, occupying one of the two towers in Global 188, continued to be well received by the market. Together with Fraser Suites, offices and shopping mall, Global 188 will enjoy great synergy of housing facilities for dining, shopping, living and working all under the same roof.

The Hidden Tiger Golf Club in Huangshan, Anhui Province, the first completed phase of the Taiping Lake holiday resort, achieved an encouraging utilization rate during the period. The Crowne Plaza Hotel, also located in the resort, is scheduled to be completed by the end of year 2013.

Investment Properties and Ancillary Services

The Group holds a total GFA of 145,173 square meters in investment properties. As at 31 December 2012, 171,159 square meters of the total GFA have been leased, generating approximately RMB51 million in rental revenue, accounting for approximately 2.9% of the total revenue for the Group during the year.

The Group continued to develop its education business by operating one of the most prestigious kindergartens in Shanghai, the China Welfare Institute Kindergarten; a post-secondary college, Shanghai Sipo Polytechnic; and a training centre, Shanghai Sipo Vocational Technical Training Centre. Revenue from the Group's education business contributed approximately 4.2% of the Group's total revenue during the year.

Property Management and Related Services

During the year ended 31 December 2012, revenue from the Group's property management and related services amounted to approximately RMB84 million, an increase of approximately 28% from 2011. The Group provided property management services to properties with a total GFA of 1,656,278 square meters in 2012.

Project Disposals

(1) Disposal of Wuxi Chao Yang Men Project

On 30 June 2012, the Group entered into an agreement with Evergrande Group to sell its interest in a company that holds a project located at the south of Taihu Dadao and the west of Youyi Lu, Xishan District, Wuxi, with a total site area of approximately 263,300 square meters at a consideration of RMB965.7 million.

(2) Disposal of Huangpu Zhongxin City Project

On 20 November 2012, the Group announced the disposal of its equity interest in a company that owns land in Huangpu District in Shanghai on which a twenty-storey office building with a gross floor area of approximately 31,067.44 square meters is constructed, for a total consideration of RMB95 million.

(3) Disposal of Wuxi Jin Gui Li Project

After the end of the financial year 2012, the Group entered into an agreement with Wuxi Taihu New Town Development Group Co., Ltd on 4 January 2013 regarding the disposal of the Group's 60% equity interest in Wuxi Xindu Real Estate Development Limited for a total consideration of RMB1,098,776,400.

These disposals represent good opportunities for the Group to enhance its financial position, improve its liquidity and reduce its future financial commitments. They also provide additional capital resources for the Group to capture other investment opportunities in the real estate market.

Outlook

On 28 January 2013, SPG Land celebrated its 15th anniversary. Through its commitment to quality products and services, the Group has established itself as a premier developer based in Shanghai over the past 15 years, with a strong brand in the Yangtze River Delta Region and beyond.

The Group's "2+X" strategy has been proved to be successful. Over the past 15 years, the Group has developed a series of landmark projects that redefined industry standards. Looking ahead, the Group will continue to build its project portfolio that comprises large-scale high-end residential communities, city-centre integrated projects and travel & leisure projects. The diversified product and services offering under this model also ensures a healthy income stream for the Group under varying market environments.

Despite the challenging macroeconomic environment and the expected continuous implementation of policies and measures that are aimed at curbing property speculations, the Group will manage the pace of development of its real estate projects in a cautious manner. To cope with the changing market environment, the Group will pursue projects with shorter development cycles, in order to provide greater flexibility for swift responses, and adopt flexible marketing strategies according to specific locations, local market conditions and characteristics of different projects.

With a persistent focus on organizational optimization, the Group will seek further enhancement in internal control and cost efficiency. At the same time, the Group will strive to enhance profitability and financial strength by seeking various forms of partnerships to co-develop its projects and further diversify its refinancing channels. These measures will ensure strong financial position and empower the Group to capture investment opportunities in the market that will drive the Group's business development in the coming years, thereby further strengthening its position as a premier property developer in the Yangtze River Delta Region.

FINANCIAL PERFORMANCE

Revenue

The total revenue of the Group for 2012 decreased by approximately 69% over 2011, from approximately RMB5,678 million to approximately RMB1,767 million.

Sales of property, the core business activity, generated revenue of approximately RMB1,415 million (2011: RMB5,417 million), accounting for approximately 80% of the total revenue, and representing a YoY decrease of 74%. Revenue from the lease business grew by approximately 39% to approximately RMB51 million (2011: RMB36 million). Income derived from property management and related services increased by approximately 28% to approximately RMB84 million (2011: RMB65 million). Revenue from hotels operation and related services reached approximately RMB142 million, with an increase of approximately 76% as compared with last year. Revenue from education of approximately RMB75 million kept almost the same as last year (2011: RMB77 million).

Year ended 31 December

	2012	**2011**	**Change**
	RMB'000	*RMB'000*	*RMB'000*
Sales of properties	1,415,373	5,417,462	(4,002,089)
Rental income	50,528	36,430	14,098
Property management income & other related service	83,561	65,430	18,131
Hotel and related services	142,156	80,858	61,298
Education	74,917	77,343	(2,426)
Total	1,766,535	5,677,523	(3,910,988)

Cost of sales

Cost of sales decreased by approximately 64% to approximately RMB1,362 million, as compared to RMB3,739 million in 2011. The cost of sales mainly comprised land costs, construction costs, capitalized finance costs and sales tax.

Gross profit and margin

Gross profit decreased to approximately RMB405 million from RMB1,939 million in 2011 while gross profit margin decreased to 23% due to the different product mix as compared with the corresponding period last year.

Other operating income

In 2011, other operating income recorded an income from a compensation of RMB160 million, apart from this effect, other operating income of RMB18 million in 2012 did not have any significant change.

Other operating expense

Other operating expense increased to approximately RMB571 million in 2012, which was mainly attributable to penalty cost, impairment mainly of Wuxi projects (including the project of Jin Gui Li disposed in January 2013 already) and loss from disposal of Huangpu Zhongxin City caused by revaluation gain in previous years.

Operating expenses

Administrative expenses decreased to RMB316 million in 2012 from RMB369 million in 2011 because of the Group's improved budget control. Selling and marketing costs experienced a decrease of 10% as the Group controlled selling expenditure under the current economic circumstances.

Net Finance Expenses

The net finance expenses increased from RMB54 million in 2011 to RMB177 million in 2012. This increase was mainly because of some trusts and senior note with higher interest rate borrowed in 2011 and 2012.

Share of Loss of Associates and Joint Controlled Entity

The Group recorded a loss from share of operating results of associates in 2012 amounting to RMB102 million as compared to a loss of RMB69 million in 2011. The loss was mainly attributable to the interest expenses from bank loans and fixed assets depreciation of the Peninsula Shanghai Hotel.

Revaluation Losses on Investment Properties

The Group recorded revaluation losses of approximately RMB65 million in total in 2012, as compared with a gain of RMB29 million in 2011.

Income Tax

Income tax decreased by 62% from RMB487 million in 2011 to RMB186 million in 2012. The decrease was mainly due to the less LAT accrued resulted from less house deliveries.

Loss Attributable to Equity Holders of the Company

The Group's loss attributable to equity holders amounted to approximately RMB938 million (2011: Profit attributable to equity holders of RMB898 million) during the period under review.

Financial Position

Equity attributable to equity holders of the Company was RMB4,278 million as at 31 December 2012 (31 December 2011: RMB5,225 million). Total assets amounted to RMB23,053 million (31 December 2011: RMB23,838 million) and total liabilities stood at RMB18,744 million (31 December 2011: RMB18,532 million).

Liquidity and Financial Resources

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

Net gearing (total borrowings less cash and cash equivalents including restricted cash over total equity) stood at a level of 120% as at 31 December 2012. The Group had total cash and cash equivalents (including restricted cash) of RMB1,650 million, total borrowings of RMB6,838 million and an equity base of RMB4,310 million as at 31 December 2012 (31 December 2011: RMB5,306 million).

Treasury Policy

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

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

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

Credit Policy

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

Pledge of Assets

As at 31 December 2012, the Group pledged properties and land use rights with a carrying value of RMB7.41 billion to secure bank facilities granted to the Group. The total secured loan balance outstanding as at 31 December 2012 amounted to RMB5.35 billion.

Financial Guarantees

As at 31 December 2012, the Group provided guarantees to banks for:

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Mortgage	**3,337,427**	1,308,608

Capital Commitment

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Property development activities:		
– Contracted but not provided for	**552,054**	3,445,465
– Authorized but not contracted for	**2,141,343**	2,174,828
Total of property development	**2,693,397**	5,620,293
Joint venture interests	**–**	50,000
Total	**2,693,397**	5,670,293

Human Resources

As at 31 December 2012, the Group employed a total of 1,666 employees (31 December 2011: 1,514). The Group has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses are offered to staff with an outstanding performance. Share option schemes were adopted to attract and retain talent to contribute to the Group. In relation to staff training, the Group also provides various staff programs to improve their skills and develop their respective expertise.

CORPORATE GOVERNANCE

On 1 April 2012, the Code on Corporate Governance Practices ("Former CG Code") as set out in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was amended and renamed as Corporate Governance Code and Corporate Governance Report ("New CG Code"). The Company has adopted the code provisions as set out in the New CG Code as the code of the Company in substitution for and to the exclusion of the Former CG Code with effect from 1 April 2012.

The Company has complied with the code provisions set out in the Former CG Code during the period from 1 January 2012 to 31 March 2012 and the New CG Code during the period from 1 April 2012 to 31 December 2012 except for code provisions A.4.2 and E.1.2 as described below.

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

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

Code E.1.2 stipulates that the chairman of the Board should attend annual general meetings. The chairman of the Board did not attend the annual general meeting for 2012 due to other business commitment.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Monday, 3 June 2013. A notice convening the annual general meeting will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

The register of members of the Company will be closed from Thursday, 30 May 2013 to Monday, 3 June 2013 (both days inclusive) during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the annual general meeting to be held on Monday, 3 June 2013, all transfer documents accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 29 May 2013.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2012, except that the trustee of the share award scheme, pursuant to the terms of the trust deed of the share award scheme, purchased on the Stock Exchange a total of 11,504,000 shares of the Company at a total consideration of HK$16,826,514.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2012.

AUDIT COMMITTEE

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

The audit committee has reviewed the annual results for the year ended 31 December 2012 with the management of the Company.

By order of the Board
SPG Land (Holdings) Limited
Wang Weixian
Chairman

Hong Kong, 28 March 2013

As at the date of this announcement, the executive Directors are Mr. Wang Weixian and Ms. Wang Xuling; and the independent non-executive Directors are Mr. Cheong Ying Chew, Henry, Mr. Fong Wo, Felix, JP, Mr. Jiang Simon X. and Mr. Kwan Kai Cheong.