SRE GROUP LTD.

SRE GROUP LIMITED
上置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

OVERSEAS REGULATORY ANNOUNCEMENT
2011 FINAL RESULTS ANNOUNCEMENT

This overseas regulatory announcement is issued pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

China New Town Development Company Limited ("CNTD"), a company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and a 68.07% owned subsidiary of SRE Group Limited, has on 8 March 2012 released to the SGX-ST an announcement (the "Announcement") in relation to 2011 final results announcement. The following is a reproduction of the Announcement for information purpose only.

On behalf of the Board of Directors of
SRE Group Limited
Shi Jian
Chairman

Hong Kong, 8 March 2012

As at the date hereof, the Board comprises seven executive directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong, Mr. Shi Pin Ren, Mr. Zhang Hongfei and Mr. Shi Lizhou; two non-executive directors, namely Mr. Cheung Wing Yui and Mr. Jin Bing Rong and four independent non-executive directors, namely Mr. Jiang Xie Fu, Mr. E Hock Yap, Mr. Zhuo Fumin and Mr. Yuan Pu.

* *For identification purpose only*

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

2011 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 2011 as set out below:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

(Amount expressed in thousands of Renminbi unless otherwise stated)

	Notes	**Year ended 31 December 2011**	**Year ended 31 December 2010**
Revenue	5	640,532	1,479,889
Cost of sales	6	(303,665)	(567,278)
Gross profit		336,867	912,611
Other income	5	26,355	13,130
Selling and distribution costs	6	(161,369)	(65,223)
*Administrative expenses	6	(136,055)	(178,224)
*Other expenses	5	(222,544)	(44,544)
Loss on the repurchase of Senior Notes		-	(4,177)
Fair value (loss)/gain on completed investment properties	12	(24,107)	16,168
Fair value loss on investment properties under construction	12	(9,264)	(1,723)
Operating (loss)/profit		(190,117)	648,018
Finance costs	7	(48,648)	(97,861)
Share of losses from jointly-controlled entities		(891)	-
(Loss)/profit before tax		(239,656)	550,157
Income tax	8	6,476	(188,575)

	Notes	Year ended 31 December 2011	Year ended 31 December 2010
(Loss)/profit after tax		(233,180)	361,582
Other comprehensive income		-	-
Total comprehensive income		(233,180)	361,582
(Loss)/profit attributable to:			
Owners of the parent	9	(200,727)	246,794
Non-controlling interests		(32,453)	114,788
		(233,180)	361,582
Total comprehensive income attributable to:			
Owners of the parent	9	(200,727)	246,794
Non-controlling interests		(32,453)	114,788
		(233,180)	361,582
Earnings per share attributable to ordinary equity holders of the parent (RMB per share):	10		
Basic (loss)/earnings per share		(0.0514)	0.0678
Diluted (loss)/earnings per share		(0.0514)	0.0644

* As compared with unaudited 2011 full year results made at 29 February 2012, the bad debt provision against other receivables has been reclassified from administrative expenses to other expenses for the year ended 31 December 2011 and 2010 with amount of RMB220.6 million and RMB18.5 million respectively.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 December 2011

(Amounts expressed in thousands of Renminbi unless otherwise stated)

		Group		Company	
	Notes	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Non-current assets					
Investments in subsidiaries		-	-	2,591,259	2,617,549
Investment in an associate		200	200	-	-
Investments in jointly-controlled entities		39,109	-	-	-
Property, plant and equipment	11	1,324,933	1,175,322	134	198
Completed investment properties	12	684,000	679,000	-	-
Investment properties under construction	12	100,000	95,000	-	-
Prepaid land lease payments	13	239,555	236,285	-	-
Non-current prepayments		510,000	-	-	
Non-current trade receivables	17	69,903	93,257	-	-
Deferred tax assets	8	131,823	120,010	-	-
Other assets		47,475	48,476	-	-

		Group		Company	
	Notes	**31 December 2011**	**31 December 2010**	**31 December 2011**	**31 December 2010**
Total non-current assets		3,146,998	2,447,550	2,591,393	2,617,747
Current assets					
Land development for sale	14	4,998,936	3,590,414	-	-
Properties under development for sale	15	994,202	74,094	-	-
Prepaid land lease payments	13	796,890	326,232	-	-
Inventories		4,922	4,032	-	-
Amounts due from subsidiaries		-	-	398,545	496,312
Prepayments	16	38,668	254,155	-	-
Other receivables	16	32,595	368,434	2	4
Trade receivables	17	65,432	485,890	-	26
Cash and bank balances		537,387	1,381,049	9,349	102,730
Total current assets		7,469,032	6,484,300	407,896	599,072
Total assets		10,616,030	8,931,850	2,999,289	3,216,819
Equity					
Equity attributable to owners of the parent					
Share capital		2,801,180	2,778,853	2,801,180	2,778,853
Other reserves		591,731	608,807	1,925,144	1,942,220
Accumulated losses		(904,340)	(641,653)	(1,937,702)	(1,679,381)
		2,488,571	2,746,007	2,788,622	3,041,692
Non-controlling interests		537,075	551,519	-	-
Total equity		3,025,646	3,297,526	2,788,622	3,041,692
Non-current liabilities					
Interest-bearing bank and other borrowings	18	2,383,100	1,698,300	-	-
Deferred income from sale of golf club membership	19	521,885	538,176	-	-
Deferred tax liabilities	8	21,151	19,625	-	-
Total non-current liabilities		2,926,136	2,256,101	-	-
Current liabilities					
Interest-bearing bank and other borrowings	18	757,243	470,289	162,253	170,299
Trade payables	20	2,086,912	917,806	-	-
Other payables and accruals	20	602,570	569,771	3,704	4,828
Amounts due to related parties		53,548	-	44,710	-
Advances from customers		46,906	5,523	-	-

	Notes	Group 31 December 2011	Group 31 December 2010	Company 31 December 2011	Company 31 December 2010
Deferred income arising from land development	19	594,968	895,670	-	-
Current income tax liabilities	8	522,101	519,164	-	-
Total current liabilities		4,664,248	3,378,223	210,667	175,127
Total liabilities		7,590,384	5,634,324	210,667	175,127
Total equity and liabilities		10,616,030	8,931,850	2,999,289	3,216,819
Net current assets		2,804,784	3,106,077	197,229	423,945
Total assets less current liabilities		5,951,782	5,553,627	2,788,622	3,041,692

CONSOLIDATED STATEMENT OF CASH FLOWS

31 December 2011
(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Notes	**Year ended 31 December 2011**	**Year ended 31 December 2010**
Cash flows from operating activities			
(Loss)/profit before tax		**(239,656)**	**550,157**
Adjustments for:			
Depreciation of property, plant and equipment	11	54,408	60,181
Amortization of prepaid land lease payments	13	4,158	9,246
Loss on disposal of property, plant and equipment		-	17,317
Fair value loss/(gain) on completed investment properties	12	24,107	(16,168)
Fair value loss on investment properties under construction	12	9,264	1,723
Loss on disposal of a subsidiary		-	636
Loss on repurchase of Senior Notes		-	4,177
Management share option expense		5,249	5,574
Expenses incurred for the listing of existing shares	6	-	32,058
Interest income	5	(17,559)	(9,752)
Share of losses from jointly-controlled entities		891	-
Interest expense	7	48,648	97,861
Exchange gain		(8,046)	-
		(118,536)	**753,010**
(Increase) /decrease in land development for sale		(1,376,981)	83,147
Increase in properties under development for sale		(855,743)	(68,459)
Increase in prepaid land lease payments		(476,947)	(17,112)
Increase in inventories		(890)	(266)
Decrease in amounts due from related parties		-	47,003
Decrease/(increase) in prepayments		215,487	(248,000)
Decrease in other receivables and assets		336,840	15,000
Decrease/(increase) in trade receivables		443,812	(149,370)
Decrease in deferred income from sale of golf club membership		(16,291)	(24,499)

	Notes	Year ended 31 December 2011	Year ended 31 December 2010
(Decrease)/increase in deferred income arising from land development		(300,702)	255,730
Increase in advances from customers		41,383	1,274
Increase/(decrease) in trade and other payables		1,174,221	(326,695)
Increase/(decrease) in amounts due to related parties		2,238	(12)
Net cash (outflow)/inflow from operating activities		**(932,109)**	**320,751**
Cash flows from investing activities			
Purchases/construction of property, plant and equipment		(644,081)	(58,020)
Proceeds from disposal of property, plant and equipment		272	785
Payments for land use rights		-	(232)
Payments for investment properties		(66,312)	(121,985)
Disposal of a subsidiary		-	(336)
Investments in jointly-controlled entities		(40,000)	-
Interest received		17,559	6,109
Net cash outflow from investing activities		**(732,562)**	**(173,679)**
Cash flows from financing activities			
Sale of treasury shares		-	26,713
Capital contributions from non-controlling shareholders of subsidiaries		18,009	-
Cash received upon exercise of management share options granted under Management Grant		2	-
Proceeds from bank and other borrowings		1,278,600	320,299
Repayment of bank borrowings		(300,000)	(310,010)
Cash paid for the repurchase of Senior Notes		-	(90,332)
Proceeds of borrowings from related parties		151,310	-
Repayment of borrowing from a related party		(100,000)	-
Cash released from restricted deposits in relation to interest payments for bank borrowings		24,000	7,759
Cash placed as restricted deposits in relation to interest payments for bank borrowings		-	(178,000)
Interest paid		(160,800)	(141,877)
Dividends paid		(61,960)	(52,281)
Payments of expenses incurred for the listing of existing shares		(4,152)	(27,906)
Net cash inflow/(outflow) from financing activities		**845,009**	**(445,635)**
Net decrease in cash and cash equivalents		(819,662)	(298,563)
Cash and cash equivalents at beginning of year		1,167,049	1,465,612
Cash and cash equivalents at end of year		**347,387**	**1,167,049**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 December 2011
(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 2010	2,497,385	(37,294)	749,001	(836,166)	2,372,926	436,231	2,809,157
Total comprehensive income	-	-	-	246,794	246,794	114,788	361,582
Equity-settled share options to management	-	-	5,574	-	5,574	-	5,574
Shares issued and treasury shares used upon exercise of management share options granted under Management Grant	5,592	2,761	(8,353)	-	-	-	-
Changes in non-controlling interests due to disposal of a subsidiary	-	-	-	-	-	500	500
Shares issued upon CB3 conversion	283,696	-	(137,415)	-	146,281	-	146,281
Dividends	-	-	-	(52,281)	(52,281)	-	(52,281)
Sales of treasury shares	(7,820)	34,533	-	-	26,713	-	26,713
As at 31 December 2010	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	22,327	-	(22,325)	-	2	-	2
Dividends	-	-	-	(61,960)	(61,960)	-	(61,960)
Capital contribution from non-controlling interests of subsidiaries	-	-	-	-	-	18,009	18,009
As at 31 December 2011	2,801,180	-	591,731	(904,340)	2,488,571	537,075	3,025,646

Notes to Financial Statements

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

1. GENERAL INFORMATION

Corporate information

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

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

In the opinion of the directors of the Company (the "Directors"), the Company's ultimate holding company is SRE Group Limited ("SRE"), a company incorporated in Bermuda.

2. BASIS OF PREPARATION

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

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

<u>Basis of consolidation</u>

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

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, unrealized 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.

<u>Operating cycle</u>

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

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 new and amended IFRSs and IFRIC interpretations effective as at 1 January 2011:

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

The adoption of the standards or interpretations is described below:

IAS 24 – Related Party Transactions (Amendment)

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

IAS 32 – Financial Instruments: Presentation (Amendment)

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

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

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

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

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

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

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

Improvements to IFRSs

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

4. OPERATING SEGMENT INFORMATION

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

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

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

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 sale (including related public utilities fees, if any) by local authorities in Shanghai accounted for 75% (2010: 77%) and 10% in Wuxi (2010: 17%) of the revenue in the year ended 31 December 2011.

An analysis by operating segment is as follow:

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

1 Intersegment sales are eliminated on consolidation.

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

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

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

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

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

1 Intersegment sales are eliminated on consolidation.

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

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

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

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

5. REVENUE, OTHER INCOME AND OTHER EXPENSES

Revenue

	Year ended 31 December 2011	Year ended 31 December 2010
Land development	576,370	1,456,241
Hotel operations	46,264	53,318
Golf operations	58,587	60,030
Investment property leasing	4,062	3,884
Others	1,706	3,372
Less: Business tax and surcharges	(46,457)	(96,956)
	640,532	1,479,889

Other Income

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

Other Expenses

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

6. EXPENSE BY NATURE

	Year ended 31 December 2011	Year ended 31 December 2010
Cost of land development	229,924	483,234
Depreciation of property, plant and equipment	54,408	60,181
Amortisation of prepaid land lease payments	4,158	9,246
Audit fees – To the auditor of the Company	3,550	5,905
Expenses incurred for the listing of existing shares	-	32,058
Employee benefits	70,127	74,552
Cost of inventories	19,796	19,924
Utility expenses	17,328	15,228
Property tax, stamp duty and land use tax	14,639	13,724
Commission to agents for sale of golf club membership	1,472	1,469
Expense incurred for international golf tournament	99,456	-
Agency fee for promotional services	-	17,955
Others	86,231	77,249
Total cost of sales, selling and distribution costs and administrative expenses	601,089	810,725

7. FINANCE COSTS

	Year ended 31 December 2011	Year ended 31 December 2010
Interest on bank and other borrowings	164,190	124,753
Interest on Senior Notes	-	17,287
Interest on Convertible bonds	-	5,560
Less: Interest capitalised	(115,542)	(49,739)
	48,648	97,861

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

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% (2010: 25%) on their taxable income according to the Income Tax Law of the PRC.

The major components of income tax are:

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

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

Year ended 31 December 2011

	The Company and BVI companies		Mainland China		Total	
Loss before tax	(36,706)		(202,950)		(239,656)	
Tax at the statutory tax rate	-	-	(50,738)	25%	(50,738)	21.2%
Tax losses not recognised	-	-	3,770	(1.9%)	3,770	(1.6%)
Non-deductible expenses for tax purposes	-	-	38,966	(19.2%)	38,966	(16.3%)
Effect of withholding tax on the distributable profits of the Group's subsidiaries in Mainland China	-	-	1,526	(0.8%)	1,526	(0.6%)
Income tax as reported in statement of comprehensive income	-	-	(6,476)	3.2%	(6,476)	2.7%

Year ended 31 December 2010

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

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

Deferred income tax relates to the following:

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

9. (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

10. (LOSS)/EARNINGS PER SHARE

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

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

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

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

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

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

11. ROPERTY, PLANT AND EQUIPMENT

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

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

Impairment of property, plant and equipment

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

12. COMPLETED INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER CONSTRUCTION

Group

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

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

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

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

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

Investment properties under construction

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

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

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

The Group's investment properties are held under medium term (less than 50 years but not less than 10 years) leases and are situated in Mainland China.

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

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

Certain investment properties are pledged for interest-bearing bank and other borrowings (see Note 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 2011	31 December 2010
In Mainland China, held on:		
leases of between 10 and 50 years	489,709	485,553
leases of over 50 years	546,736	76,964
	1,036,445	562,517

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

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

The net carrying amounts of prepaid land lease payments, which were pledged for interest-bearing bank and other borrowings (see Note 18), were as follows at the end of each of reporting period:

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

14. LAND DEVELOPMENT FOR SALE

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

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

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

15. PROPERTIES UNDER DEVELOPMENT FOR SALE

Group	31 December 2011	31 December 2010
At cost:		
In Shanghai City, PRC	780,848	73,073
In Wuxi City, PRC	28,318	1,021
In Chengdu City, PRC	185,036	-
	994,202	74,094

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

As at 31 December 2011, RMB766 million (31 December 2010: nil) 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	31 December 2011	31 December 2010
Prepayments	548,668	254,155
Other receivables, net	32,595	368,434

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

(b) In December 2009, the Group entered into an agreement ("the 2009 Agreement") with the Changchun Auto Industry Development Zone Administrative Committee ("the Changchun Committee") to cease the land development by the Group in Changchun. Pursuant to the 2009 Agreement, although no detailed repayment schedule had been set out in the 2009 Agreement, the Changchun Committee agreed to fully repay the Group within a year from the date of the 2009 Agreement, for, firstly, the cost of construction, which shall be determined by independent qualified professional parties after conducting construction audits, and, secondly, the cost of relocation that has been incurred by the Group in accordance with the relevant relocation agreement, and compensate the Group for finance costs (including certain related miscellaneous expenditure) at an interest rate of 10% per annum based on the time elapsed since the actual date when such finance costs were incurred by the Group. In December 2010, due to the delay in construction audits and other necessary procedures, the Changchun Committee issued a letter requesting to extend the repayment of remaining balances from the end of 2010 to no later than the end of 2011. However, as at 31 December 2011, total collections so far 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 milion. The remaining balance of about RMB199 million were still outstanding. Since the balance has been aged for more than two years, and the Changchun Committee failed to honour the extended repayment term and cease to co-operate with the Group, in spite of all the efforts of the Group to collect the receivable, though the Group would continue to chase payments, considering the current situation, the Group made a full provision of RMB199 million against the outstanding balance (31 December 2010: no provision). The Group will continue to use its best endeavor to pursue this payment despite the provision made. The above has no implication to the other receivables in the account which do not relate to Changchun project.

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

An aged analysis of the other receivables is as follows:

	31 December 2011	**31 December 2010**
Within 6 months	11,173	39,892
6 months to 1 year	5,536	35,143
1 year to 2 years	14,945	292,580
2 years to 3 years	712	360
Over 3 years	229	459
	32,595	368,434

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

17. TRADE RECEIVABLES

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

An aged analysis of the trade receivables is as follows:

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

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

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

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors 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) are as follows:

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

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

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

The Group's interest-bearing bank borrowings bore interest at floating rates ranging from 6.35% to 9.31% and 5.76% to 6.73% per annum for the years ended 31 December 2011 and 2010, respectively. The Group's other borrowing bore interest at fixed rate of 12.75% per annum for the year ended 31 December 2011.

Long-term and short-term bank borrowings

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

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

Other borrowing - secured

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

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

19. DEFERRED INCOME

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

Notes:

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

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

20. TRADE PAYABLES, OTHER PAYABLES AND ACCURALS

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

Terms and conditions of the above liabilities:

- Trade payables are non-interest-bearing and are normally settled within one year. Amoung of which, about 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 within one year.

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

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

21. SUBSEQUENT EVENT

On 5 March 2012, in order to ensure the Group has necessary financial resources to support its operations and meet its liabilities when they fall due, SRE Group Limited confirmed in writing to the Company that, during the period of twelve months from 8 March 2012, upon receipt of request from the management of the Company, SRE Group Limited or its designated companies will unconditionally make payment in cash, up to a total of RMB600 million, to the Group, as financial support.

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 2011.

MOVEMENTS IN SECURITIES

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

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

BUSINESS REVIEW

a) Fair review of development of business of the Group during financial year and of their financial position at the end of the year:

Operating Results

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

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

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

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

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

Due to the renovation for hosting international golf tournaments with IMG (IMG Sports Development (Shanghai) Limited, a sports, entertainment and media company), the hotel operations recorded revenue of RMB46 million during the financial year compared with RMB53 million in 2010. The renovation was completed in the fourth quarter of 2011.

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

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

Operating expense

Selling and distribution costs

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

Administrative expenses

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

Other expenses

Other expenses incurred during the financial year increased by RMB178 million compared with 2010. The increase was mainly attributable to RMB220 million of allowance for doubtful receivables in 2011 (please refer to the notes of "Prepayments and other receivables" for detailed information). In 2010, RMB17 million loss from disposal of property, plant and equipment was incurred and allowance for doubtful receivables of RMB19 million were made.

Non-operating activities

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

Finance cost

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

Taxation

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

Liquidity

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

Gearing ratio (as measured by net debt / total equity holders' capital and net debt) increased from 19% for the year ended 31 December 2010 to 46% as at the end of 2011.

During the financial year, the Group has been granted the following facilities which had been announced.

a> For development of Lake Malaren Silicon Valley Project in our Shanghai Luodian New Town Project:

- Principal: RMB600 million
- Total facility withdrawn as at the end of 2011: RMB432.2 million

b> For development of UHO Project in our Shanghai Luodian New Town Project:

- Principal: RMB250 million
- Total facility withdrawn as at the end of 2011: RMB90 million

c> For development of Chengdu Project:

- Principal: RMB125 million
- Total facility withdrawn as at the end of 2011: RMB125 million

The Group entered into a Credit Trust Scheme with China Credit Trust Company Limited in October 2011 to finance the infrastructure and ancillary facilities constructions in the Wuxi Hongshan New Town Project. The key terms of the scheme are set out below:

- Principal: RMB751.4 million, from which RMB120 million has been contributed by the Group as seed capital
- Term: 2 years (RMB200 million paid in one year)
- Effective Date: 25 October 2011
- Interest Rate: 12.65% per annum for RMB631.4 million and 11% per annum for RMB120 million

For detailed information, please refer to the announcement made in 2011.

b) Details of important event affecting the Group which have occurred since the end of the financial year:

In December 2011, the Group had reached an agreement with the local government to increase relocation compensation costs (to incumbent residents) by RMB600 million due to an unanticipated change in the government's policies for relocation compensation in Luodian New Town. As a result, the unit cost for land development of Luodian project increased from RMB2,057 per square metre to RMB2,845 per square metre from 2012.

2011 marked the second year that the Chinese Government carried out its macroeconomic curbing policy mainly targeting the real estate industry. Both the severity of its curbing policies and its determination to implement them were unprecedented. Policies such as purchase restrictions, credit controls, price restrictions, raising down payment ratio for second home purchases and the imposition of property tax, were introduced one after another. Simultaneously, a broad range of traditional financing options for property developers were considerably tightened, putting significant pressure on the working capital of property developers. The Central Government has been reiterating its determination to curb the real estate industry until property prices fall back to affordable levels for the general public, and adopted the principle of "firmly maintaining strict curbing over the real estate sector" for its 2012 policy outlook. Due to such severe curbing policies, the PRC real estate sector went through a year of extreme hardship in 2011. Real estate projects across China experienced sharp slow-down in sales, while prices headed downward after a long period of stagnation. Even worse, the "price-cutting" promotion campaigns initiated by some major property developers further weakened buyer and investor confidence and therefore reinforcing the downward momentum, thereby creating a vicious spiral.

The Company, mainly engaged in the primary real estate sector specializing in the land market, inevitably suffered negative impacts in this policy environment. In 2011, dramatic slowdown in property sales and large stockpile of properties inventory put property developers under liquidity pressure, thus resulting in a sluggish land auction market across the country. Statistics show that total land auction pace in China recorded a substantial year-on-year decrease in 2011. In terms of land price, it has become a market norm that lands were sold at auction reserve price, and auction failures due to insufficient interest were also often seen.

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

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

c) <u>An indication of likely future developments in the business of the Group:</u>

As we mentioned in the section above discussing operating environment, in the past financial year, on the backdrop of enormous policy curbing and a weak secondary real estate sector, the primary land market was under a lot of pressure. Our business is therefore significantly impacted. Land sale proceeds, historically a major source of revenue contribution, has experienced substantial year-on-year decline. This was due to the absence of land sale in our Wuxi and Shenyang projects, as well as a notable decline in land area sold in our Luodian project. In the property development aspect, despite that our major projects Lake Malaren Silicon Valley, UHO and Chengdu Pi County project all entered pre-sales phase, UHO and Lake Malaren Silicon Valley properties will be delivered in 2012, and Chengdu Pi County project would not be delivered until 2013, and therefore we were unable to book any revenue yet in this financial year. Meanwhile, revenue from our investment properties are in line with the previous year. And in terms of net results, because of the decline in revenue, we have recorded loss in land and property development of RMB103 million, as compared with last year same period, land property development have recorded net profit of RMB734 million.

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.

CORPORATE GOVERNANCE

The Company subscribes to best practice on corporate governance, and has complied with the principles and guidelines of the Code of Corporate Governance 2005 (the "Singapore Code") issued by the Corporate Governance Committee in Singapore and has subsequently complied with the code provisions of the Code on Corporate Governance Practices (the "HK Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the HKEx (the "Listing Rules") throughout the financial year of 2011 except for the Guideline 2.1 of the Singapore Code, that the independent directors did not make up at least one-third of the Board, but subsequently appointed Mr. Zhang Hao on 13 February 2012 to fulfill the requirement, and the Code provision E.1.2 of the HK Code, that the Chairman of the Board did not attend the annual general meeting (the "AGM") for the year 2011 due to other business commitment. The Co-chief Executive Officer of the Board had attended in Chairman's absence.

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

FINAL DIVIDENDS

The Board has resolved not to recommend the payment of final dividend in respect of the year ended 31 December 2011 (2010: HK$1.880 cents per ordinary share).

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 2011 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) and HKEx (www.hkexnews.hk). The annual report of the Company for 2011 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
Song Yiqing
Chief Financial Officer / Executive Director

Singapore & Hong Kong, 8 March 2012

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, Ms. Song Yiqing, Mr. Mao Yiping, Mr. Yang Yonggang and Mr. Qian Yifeng and the independent non-executive directors are Mr. Henry Tan Song Kok, Mr. Loh Weng Whye, Mr. Lam Bing Lun Philip, Mr. Kong Siu Chee and Mr. Zhang Hao.