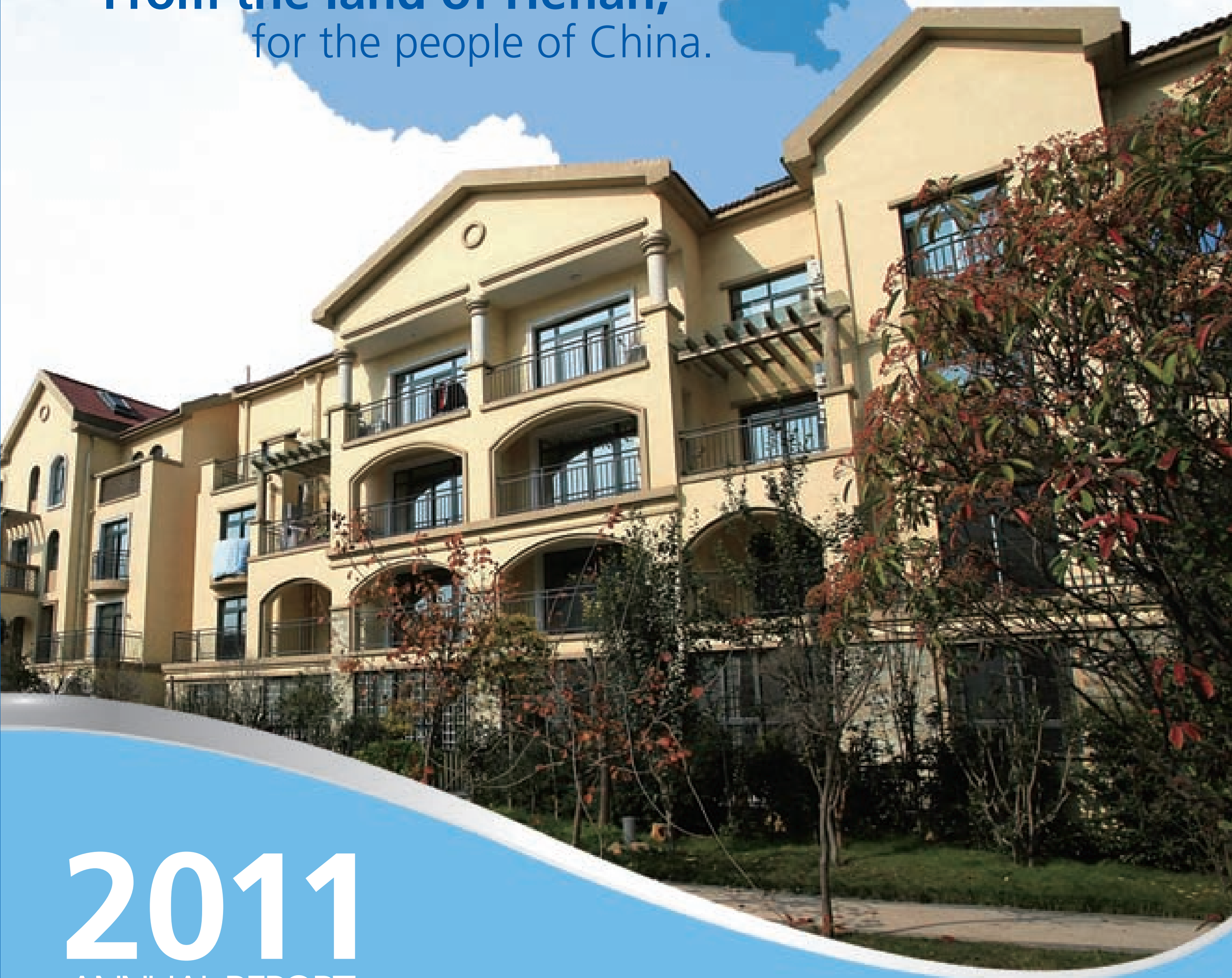
建業地產股份有限公司
Central China Real Estate Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 0832.HK

根植中原造福百姓

From the land of Henan,
for the people of China.



2011
ANNUAL REPORT

www.centralchina.com

20 YEARS
1992-2012
建业二十年·感恩一亿人

CONTENTS

CORPORATE INFORMATION 2
CORPORATE PROFILE 4
CHAIRMAN'S STATEMENT 6
FINANCIAL HIGHLIGHTS 9
MANAGEMENT DISCUSSION AND ANALYSIS 10
I. REVIEW OF OPERATIONS 11
II. BUSINESS OUTLOOK 22
III. FINANCIAL REVIEW 25
INVESTOR RELATIONS REPORT 29
CORPORATE AND SOCIAL RESPONSIBILITY REPORT 33
CORPORATE GOVERNANCE REPORT 35
PROFILE OF DIRECTORS AND SENIOR MANAGEMENT 42
DIRECTORS' REPORT 46
INDEPENDENT AUDITOR'S REPORT 58
CONSOLIDATED INCOME STATEMENT 60
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 61
CONSOLIDATED STATEMENT OF FINANCIAL POSITION 62
STATEMENT OF FINANCIAL POSITION 64
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 65
CONSOLIDATED CASH FLOW STATEMENT 67
NOTES TO THE FINANCIAL STATEMENTS 70
SUMMARY OF FINANCIAL INFORMATION 155

Zhengzhou Shangjie Forest Peninsula

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Po Sum *(Chairman)*
Mr. Wang Tianye *(Chief Executive Officer)*
Ms. Yan Yingchun

Non-executive Directors

Mr. Lim Ming Yan *(Vice-Chairman)* (with Mr. Lucas Ignatius Loh Jen Yuh as alternate)
Mr. Leow Juan Thong Jason
Ms. Wu Wallis (alias Li Hua)
Mr. Hu Yongmin

Independent Non-executive Directors

Mr. Cheung Shek Lun
Mr. Wang Shi
Mr. Xin Luo Lin

BOARD COMMITTEES

Audit Committee

Mr. Cheung Shek Lun *(Chairman)*
Mr. Xin Luo Lin
Mr. Leow Juan Thong Jason

Remuneration Committee

Mr. Xin Luo Lin *(Chairman)*
Mr. Wu Po Sum
Mr. Cheung Shek Lun

Nomination Committee

Mr. Wu Po Sum *(Chairman)*
Mr. Cheung Shek Lun
Mr. Xin Luo Lin

COMPANY SECRETARY

Mr. Chu Wai Ming Benson (resigned on 27 December 2011)
Mr. Wong Tak Chun (appointed on 27 December 2011)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Corporate Information *(Continued)*

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 88, Jianye City Garden
Jianye Road, Zhengzhou City
Henan Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 7701B-7702A
77th Floor, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
Grand Cayman
KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China (Asia) Limited

LEGAL ADVISERS

As to Hong Kong Law

Li & Partners

As to Cayman Islands Law

Conyers Dill & Pearman (Cayman) Limited

INDEPENDENT AUDITORS

KPMG
Certified Public Accountants

WEBSITE OF THE COMPANY

www.centralchina.com

CORPORATE PROFILE

Pingdingshan Forest Peninsula

Central China Real Estate Limited (We have prepared this annual report using a number of conventions, which you should consider when reading the information contained herein. When we use the terms "we", "us", "our", the "Company", the "Group", "CCRE Group", and words of similar import, we are referring to Central China Real Estate Limited itself, or to Central China Real Estate Limited and its consolidated subsidiaries, as the context requires) was incorporated in the Cayman Islands on 15 November 2007 as an exempt company with limited liability, the shares of which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 June 2008. The Group has been granted the First Class Honor of Real Estate Developer in the People's Republic of China (the "PRC" or "China").

The Company has been committed to the development of branded properties as its principal activity since its establishment. Over 20 years, we have continued to guide our citizens to new exposures in lifestyle through our articulately crafted architectural masterpieces in honor of our core value of "Taking Root in Central China and Contributing to Society." The Company is of the view that an enterprise relates to the society in the same way as a tree relates to soil. When we establish our presence in a city, we co-operate with our local peer developers to contribute to the local community by improving the standards of construction, increasing tax collections for local governments and creating job opportunities. Our relentless efforts in driving the urbanisation process and promoting economic growth of the society have won the accolades of government authorities, professionals, peers, customers as well as our staffs.

We position ourselves as a specialised branded regional property developer in a leadership capacity. We have been operating in central China for nearly 20 years, resolute as ever in our vision and mission of "building quality houses for the people of Henan." With the development of housing complexes such as "Forest Peninsula," "U-Town," "Sweet-Scented Osmanthus Garden," "Code One City" and "Jianye Eighteen Cities," we have improved the standard of residential housing in various cities in Henan and made important contributions to the urbanisation process of the province.

The Company is dedicated to its philosophy of "providing customers with zero-defect products and quality services". In addition, our management applies scientific methods, standardisation, and professionalism to ensure the quality of the products and services.

Over the past 20 years, the Company has persisted in the profession operation of premium residential housing development, originated a "CCRE business model" focused on provincial and regional development, created a brand name embedded with a sense of social responsibility, groomed a high-caliber management team, given substance to the corporate philosophy of "perseverance for excellence" and embarked on a development cycle of "ongoing profitability and stable growth."

The Company has extended its presence into Henan's 18 prefecture-level cities and 5 county-level cities and completed an aggregate GFA of approximately 6.97 million sq.m. As at 31 December 2011, the Company had 35 projects/phases under construction with a GFA of approximately 2.78 million sq.m. under development and land reserves of 13.80 million sq.m. In 2011, GFA measured 2.9 million sq.m. for newly commenced projects and 1.32 million sq.m. for properties sold.

In line with its corporate culture underpinned by "honesty, responsibility, integrity and focus," an operating status where "economic and social benefits, material and spiritual pursuits, corporate and staff interests, strategic objectives and execution process" are being integrated and coming into shape.

According to "Top 100 China Real Estate Enterprises Research Report" jointly issued by Enterprise Research Institute of the Development Research Centre of the State Council (國務院發展研究中心企業研究所), Institute of Real Estate Studies of Tsinghua University and China Index Research Institute on 25 March 2011, the Company ranked 34th among the 2011 China Top 100 Real Estate Developers and ranked first in Henan's real estate industry. The Group was again included in the "Top 10 Prudent Enterprises 2011" for its sound operation and financial performance. According to "2011 China Real Estate Enterprises Brand Value Research Report" jointly published by China Real Estate Research Association, China Real Estate Association and China Real Estate Appraisal on 8 September 2011, CCRE Group ranked first among the "Top 10 Real Estate Enterprises by Brand Value in Midwestern China in 2011" and was also named as one of the "Top 10 2011 China Real Estate Developers by Brand Value with Professional Characteristics".

The Company is always committed to making contributions to the development of the real estate industry, the private economic sector investment, the strengthening of the nation and the prosperity of the State.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the Annual Results of the Group for the year ended 31 December 2011.

Throughout 2011, China's economy maintained stable development with a year-on-year gross domestic product ("GDP") growth of 9.2%, at a time when the debt crisis involving developed economies was boiling over and the global economy slowed down significantly. In the real estate sector, the PRC Central Government continued to introduce tightening measures in order to maintain the stable and healthy development of the property market in response to excessive inflation of property prices in certain cities. During the reporting period, new construction numbers and investment growth rates topped out while transaction volumes declined in cities subject to purchase quotas. The 100-City Property Price Index trended downwards.

Henan's overall economic and social development showed a positive momentum in 2011, as the province reported GDP of RMB2.7 trillion representing a year-on-year growth of 11.6%. In the real estate sector, Henan's property market was relatively stable in comparison to tier-one cities where transaction volumes for commodity housing declined under government measures to regulate the property market, reaffirming the fact that the local market for residential housing comprised mainly end-users rather than investors.

Benefiting from the increasing pace of Henan's urbanisation and the stable development of the province's real estate sector, the Company reported notable growth in its results for the year ended 31 December 2011 as compared to the same period last year. Contracted sales of the Company amounted to RMB8.12 billion, representing a year-on-year growth of 48.0%. The aggregate area of over 1.32 million sq.m. was sold, ranking 26th in the "2011 Ranking of China Real Estate Enterprises by Area Sold" while maintaining its leading position in the Henan market. Meanwhile, the Company's brand reputation and market share in Henan rose steadily to rank first among "Top 10 China Real Estate Enterprises by Brand Value in Midwestern China" for the fourth consecutive year.

In 2011, the Company continued to adhere to its corporate culture with a strong emphasis on products and services in its daily operation and commitment to the improvement of product quality and the fostering of new core competitiveness. In 2011, the Company started to introduce the Green Construction Standards and studied the possibility of building a standard for the industrialisation of residential housing as part of its pre-emptive planning for sustainable development. In the meantime, the Company continued to make dedicated efforts in building convergence and uniformity with its business partners in strategy, culture, standards and planning, with a view to strengthening the support derived from such partnerships. The Company also made new progress in its efforts to create a network-based provincial service regime, as the construction of a network and business platform combining the call centre and the Supreme Card has commenced and a long-term mechanism for communications between business modules has gradually been developed, while opportunities for customized and stratified services have been identified and the enforcement of standards has been strengthened. We have now developed a unique competitive edge that no other property developers in Henan will be able to emulate in three to five years' time.

The Company's profile in the capital market has been further enhanced following the successful completion of a HK$732 million rights issue with net proceeds of HK$718 million (the "Rights Issue") in 2011. Backed by domestic and overseas capital platforms as well as the notable growth in its operating capabilities, the Company was well-positioned to acquire land in a systematic manner at lower prices, and the land bank with an aggregate area of 3.15 million square meters ("sq.m.") was added during the year. It is noteworthy that establishing presence in county-level cities at an accelerated pace is now an official target for the Company and prominent results have been achieved in the market development of county-level cities such as Pingdingshan, Jiaozuo, Anyang and Zhoukou, opening up broad opportunities for ongoing, in-depth exploitation of the Henan market. In the meantime, together with its strategy of expanding to provincial and regional levels, the Company's property portfolio has been diversified to include commercial properties, hotel properties and community commercial properties in addition to residential housing. This has provided a solid foundation for the continuous stable growth of the Company's profit.

In 2012, we expect sustainable development, alongside with stable growth, to become an important theme in China's macro-economic development. In the property market, prices are expected to return to more reasonable levels amid ongoing regulatory measures. We remain convinced that there is an unbendable demand for housing in the context of China's rapid urbanisation. Being accustomed to long-term perspectives in the determination of development strategies, the Company will continue to measure our current development against the norm of sustainability and prepare for the future by conducting prudent and effective operations now. To fulfill our commitment to the market, we will drive management innovations and seek to attain efficiency through innovation and benefits through efficiency, as we endeavor to achieve our annual business objectives.

I would like to take this opportunity to express sincere gratitude to our management team and staff for their diligent work and contribution. At a time when everything is subject to change, the trust and faith of shareholders will provide us with the driving force to go forward. We will continue to maximize shareholders' value by acting as the facilitator of urbanisation and general social progress in central China, seeking to enhance our contribution to the healthy and sustainable development of China's real estate industry at the beginning of the third decade of the Company's operation.

Wu Po Sum
Chairman

29 March 2012

Financial Highlights

	2011	2010	Change (%)
Financial Highlights *(RMB'000)*			
Turnover	6,638,354	4,516,351	47.0
Profit attributable to equity shareholders	667,995	544,887	22.6
Dividends	200,400	165,000	21.5
Financial Ratios			
Gearing ratio⁺*(%)*	40.5	43.6	–3.1*
Gross profit margin*(%)*	38.8	34.2	4.6*
Net profit margin*(%)*	11.2	12.8	–1.6*
Financial Information per Share *(RMB)*			
Earnings — Basic	0.2977	0.2657	12.0
Earnings — Diluted	0.2977	0.2559	16.3
Dividends *(HK$)*	0.100	0.097	3.1
Equity attributable to equity shareholders	1.91	1.75	9.1

Notes: * Change in percentage points

\+ Gearing ratio represents net debt divided by total equity of the Company. Net debt represents outstanding bank loans, other loans, convertible bonds and senior notes, less cash and restricted bank deposits secured against bank loans. Total equity represents shareholders' equity and non-controlling interests.

On 28 June 2011, the Company completed the Rights Issue pursuant to which 428,000,000 rights shares were allotted and issued. Hence, certain comparative figures for earnings per share are adjusted according to the weighted average number of shares. Further details are set out in note 11 to the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Luoyang Forest Peninsula

REVIEW OF OPERATIONS

(I) Market and Operations Review

1. The macro-economic environment

Global economic growth slowed down in 2011 as economic recovery was subject to a number of contingencies and uncertainties. With the complexity in economic conditions at home and abroad, the PRC Government adopted a macro-economic control policy in order to “stabilise growth, adjust structures and control prices”. China’s GDP for 2011 amounted to RMB47 trillion, representing a year-on-year growth of 9.2%.

In 2011, the central China Economic Zone was officially incorporated in the National Development Strategy. Benefiting from the industrial migration and technology transfer from the eastern coastal regions, Henan Province sustained rapid economic growth and recorded a GDP of RMB2.7 trillion for 2011, representing a growth of 11.6% over the same period last year, which was 2.4 percentage points above the national growth rate.

2. The property market

The growth in the sales of commodity properties in terms of GFA and value slowed down in 2011 as the property market entered into a stage of adjustment following the implementation of a series of property market regulatory policies by the PRC Government to curb surging property prices. Commodity properties with an aggregate GFA of 1.1 billion sq.m. were sold throughout China in 2011, representing a year-on-year growth of 4.9%, which was 5.7 percentage points lower compared with the growth rate for 2010. Revenue generated from the sales of commodity properties amounted to RMB5,911.9 billion, representing a year-on-year growth of 12.1%, which was 6.8 percentage points lower compared with the growth rate for 2010.

As the key market of the Group’s business development, Henan’s property market is mainly driven by end-users, rather than speculators; therefore, the real estate demand in Henan is relatively inelastic, as evidenced by its strong immunity to the impact of macro-control over the property market. The total GFA of commodity properties sold in Henan in 2011 increased by 15.6% year-on-year to 63.04 million sq.m., which was 10.7 percentage points above the national growth rate. Revenue from the sales of commodity properties increased by 32.7% year-on-year to RMB220.1 billion, which was 20.6 percentage points above the national growth rate.

(II) Project development

During the reporting period, the Company continued to explore and penetrate the regional market, supported by dedicated efforts to improve the quality of its products. While persisting in innovation, efforts were also made to advance the development of product series and standardisation, in connection with which centralised procurement was implemented for certain standardised parts and components. It provided a firm foundation for our growth in business scale and profitability.

During 2011, the Company commenced development of GFA of 2,899,125 sq.m. and completed development of GFA of 1,552,706 sq.m., while its contracted GFA sold/pre-sold amounted to 1,327,813 sq.m. and RMB8.12 billion in value, representing a 48% growth over the same period last year.

(1) Development schedule

During 2011, the Company commenced construction of 31 projects or phases of projects, with newly commenced GFA of 2,899,125 sq.m., representing a year-on-year increase of 135.0% over the same period last year.

Geographical breakdown of newly commenced projects for 2011

Location	**Newly commenced GFA** *(sq.m.)*
Zhengzhou	336,064
Other cities in Henan Province	2,563,061
Total	2,899,125

As at 31 December 2011, the Company had 35 projects/phases under development with a total GFA of approximately 2,777,451 sq.m., including 5 projects/phases in Zhengzhou and 30 projects/phases in other cities of Henan.

Geographical breakdown of projects under development as at 31 December 2011

Location	**GFA under development** *(sq.m.)*
Zhengzhou	363,853
Other cities in Henan Province	2,413,598
Total	2,777,451

During 2011, the Company completed 23 projects/phases with total completed GFA of 1,552,706 sq.m., and saleable GFA of 1,458,432 sq.m. The total contracted GFA sold reached 1,103,402 sq.m., representing a sale rate of 76.0%.

Development Project	Total GFA completed (sq.m.)	Saleable GFA (sq.m.)	Pre-sold/ sold GFA (sq.m.)
Code One City (Zhengzhou)	109,059	109,059	76,909
Code International Garden (Zhengzhou)	45,144	44,081	33,543
Forest Peninsula (Shangjie) Phase II	38,402	35,549	21,308
U-Town (Zhengzhou) Phase VII	113,506	100,866	96,511
Golf Garden (Luoyang) Phase II	113,368	108,078	100,049
Code One City (Luoyang) Phase II first batch	64,614	60,655	49,891
Sweet-Scented Osmanthus (Pingdingshan) Phase I	83,807	76,781	55,207
Wugang (Pingdingshan) Phase I	41,117	41,117	11,366
Forest Peninsula (Anyang) Phase I	30,709	27,024	23,118
Forest Peninsula (Hebi) Phase II	27,493	27,489	26,805
Forest Peninsula (Hebi) Phase I (high-rise)	13,374	12,342	12,131
Forest Peninsula (Xinxiang Golden Dragon)	21,805	21,638	18,848
Forest Peninsula (Jiaozuo) Phase III (Second and third batch)	72,954	72,594	62,261
Jianye City (Puyang) Phase V	61,798	61,798	38,329
Forest Peninsula (Xuchang) Phase I	42,542	41,542	28,452
U-Town (Shangqiu) Phase II	24,213	24,213	23,255
U-Town (Shangqiu) Phase III	43,000	43,000	40,177
Forest Peninsula (Zhoukou) Phase II (high-rise)	71,832	70,671	39,295
Forest Peninsula (Nanyang) Phase I	140,916	140,916	104,645
Forest Peninsula (Xinyang) Phase IV	52,758	51,774	22,993
Huayang Square (Luoyang) Phase III	144,687	115,358	115,348
Forest Peninsula (Zhengkai)	176,304	171,887	102,961
Shangjie Hotel	19,304	—	—
	1,552,706	1,458,432	1,103,402

(2) ***Sales schedule***

The contracted GFA sold/pre-sold by the Group in 2011 amounted to 1,327,813 sq.m. with a contracted sale/pre-sale value of RMB8.12 billion, representing an increase of 48.0% when compared to last year.

Geographical breakdown of contracted GFA sold/pre-sold as at 31 December 2011

Location	Approximate saleable GFA sold (sq.m.)	Approximate total amount (RMB'000)
Zhengzhou	177,956	2,161,918
Other cities in Henan Province	1,149,857	5,962,858
Total	1,327,813	8,124,776

(III) Land Reserves

In 2011, the Group acquired land reserves with a GFA of 3.15 million sq.m. through public auction. As at 31 December 2011, the Company had land reserves with a total GFA of 13.80 million sq.m., and obtained the state-owned land use right certificates in respect of 8.16 million sq.m. of such land. Set out below are the details of the Group's land acquisitions during 2011 and up to the date of this report:

On 11 January 2011, Central China Real Estate (Luoyang) Company Limited (建業住宅集團洛陽置業有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located at the south of Luoyi Road and the east of Yuanxi Avenue, Luoyang City in a public auction held by Luoyang City Land and Resources Bureau (洛陽市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions are RMB256,484,840 and RMB137,712,468, respectively. The land parcels have site areas of 140,155.65 sq.m. and 34,644.65 sq.m., respectively, and the planned plot ratio for both land parcels is 3.0 or below.

On 17 January 2011, Zhengzhou Central China Tianming Property Company Limited (鄭州建業天明置業有限公司), a 50% owned jointly-controlled entity of the Company, acquired the land use right of a land parcel located at Yulinnan Road, Zhengdong New District, Zhengzhou City with a site area of 86,956.57 sq.m. in a public auction held by Zhengzhou City Land and Resources Bureau (鄭州市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition is RMB1,961,650,000 and the planned plot ratio for the land parcel is 3.5 or below.

Jiyuan Forest Peninsula

On 11 April 2011, Xiuwu Central China Real Estate Development Company Limited (修武建業房地產開發有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located at the north of Ningcheng Avenue and the south of Wenpan Road, Xiu County, in a public auction held by Xiuwu County Land and Resources Bureau (修武縣國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions are RMB41,680,000 and RMB17,436,750 respectively. The land parcels have site areas of 55,573 sq.m. and 23,249 sq.m. respectively, and the planned plot ratio for both land parcels is 2.5 or below.

On 23 May 2011, Zhumadian Central China Property Company Limited (駐馬店建業置業有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located at the northeast of the crossing of Tongshan Avenue and Tuanjie Road, Zhumadian City in a public auction held by Zhumadian City Land and Resources Bureau (駐馬店市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions are RMB94,137,783.3 and RMB81,818,513.4 respectively. The land parcel No. ZMD-2010-43 has a site area of 95,088.67 sq.m. with a planned plot ratio ranging from 2.8 to 5.5; and the other land parcel No. ZMD-2010-44 has a site area of 104,895.53 sq.m. with a planned plot ratio ranging from 1.8 to 3.5.

On 20 June 2011, Wugang Central China Real Estate Company Limited (舞鋼建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of three land parcels located at Shimengguo Village, Yakou District, Wugang City in a public auction held by the Wugang City Land and Resources Bureau (舞鋼市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions are RMB30,750,000, RMB6,710,000 and RMB2,710,000 respectively. The land parcel No. Wuchu (2011)-2 has a site area of 20,484 sq.m. with a planned plot ratio of 2.5 or below; the land parcel No. Wuchu (2011)-3 has a site area of 8,928 sq.m. with a planned plot ratio of 1.5 or below; and the land parcel No. Wuchu (2011)-4 has a site area of 3,592 sq.m. with a planned plot ratio of 1.5 or below.

Zhoukou Forest Peninsula

On 29 October 2011, Wugang Central China Real Estate Company Limited (舞鋼建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of seven land parcels located at the north of Tieshan Avenue West Segment of Wugang City in a public auction held by Wugang City Land and Resources Bureau (舞鋼市國土資源局) for transfer of state-owned land use rights. The aggregate purchase price for the acquisitions is RMB99,110,000. The land parcels have an aggregate site area of 132,116 sq.m. with a planned plot ratio of 1.5 or below.

On 21 December 2011, Puyang Central China Real Estate Company Limited (濮陽建業城市發展有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of three land parcels located at the north of Zhongyuan Road, the east of Huaxing Road, the west of Huaxing Road and the south of Wuyi Road, Puyang City in a public auction held by the Puyang City Land and Resources Bureau (濮陽市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions are RMB190,960,700, RMB131,937,000 and RMB157,303,500 respectively. The land parcel No. Pudi 2011-C-07 has a site area of 105,212.5 sq.m. with a planned plot ratio of 2.0–2.5; the land parcel No. Pudi 2011-C-08 has a site area of 70,216.6 sq.m. with a planned plot ratio of 2.0–2.5 for residential land use and 2.0–3.0 for commercial land use; and the land parcel No. Pudi 2011-C-11 has a site area of 82,834.9 sq.m. with a planned plot ratio of 2.0–2.5 for residential land use and 2.0–3.0 for commercial land use.

On 10 January 2012, Huaiyang Central China Real Estate Company Limited (淮陽縣建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located at the west of Xihuang Avenue, the south of Wucai Road and the east of Xinmin Road, Huaiyang County in a public auction held by the Huaiyang County Land and Resources Bureau (淮陽縣國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions are RMB35,700,000 and RMB60,300,000 respectively. The land parcel No. 2011-019 has a site area of 33,196 sq.m. with a planned plot ratio of 1.5–2.0 for residential land use and 2.5 or below for commercial land use; and the land parcel No. 2011-018 has a site area of 57,133 sq.m. with a planned plot ratio of 1.5–2.0 for residential land use and 3.0 or below for commercial land use.

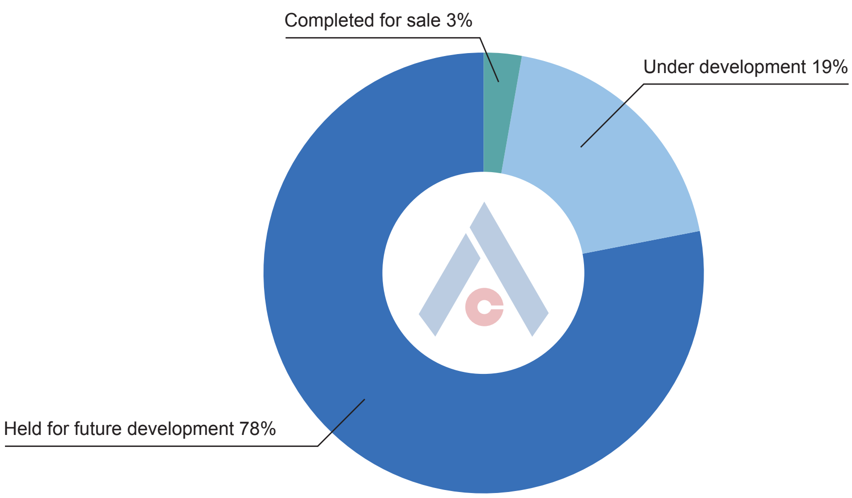
Xinyang Forest Peninsula

On 20 January 2012, Central China Real Estate Group (China) Company Limited (建業住宅集團(中國)有限公司) ("CCRE China"), a wholly-owned subsidiary of the Company, and Anyang Duolun Trading Company Limited (安陽市多倫貿易有限公司) jointly made successful bids for the land use rights of two land parcels located at the southeast of Renhe Road and Zhonghua Road, Tangyin County in a public auction held by the Tangyin County Land and Resources Bureau (湯陰縣國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions are RMB78,500,000 and RMB69,500,000, respectively. The land parcel No. G-11-53 has a site area of 66,547.4 sq.m. with a planned plot ratio of 2.0–3.0. The land parcel No. G-11-54 has a site area of 60,639.3 sq.m. with a planned plot ratio of 2.0–3.0.

Distribution of land reserves

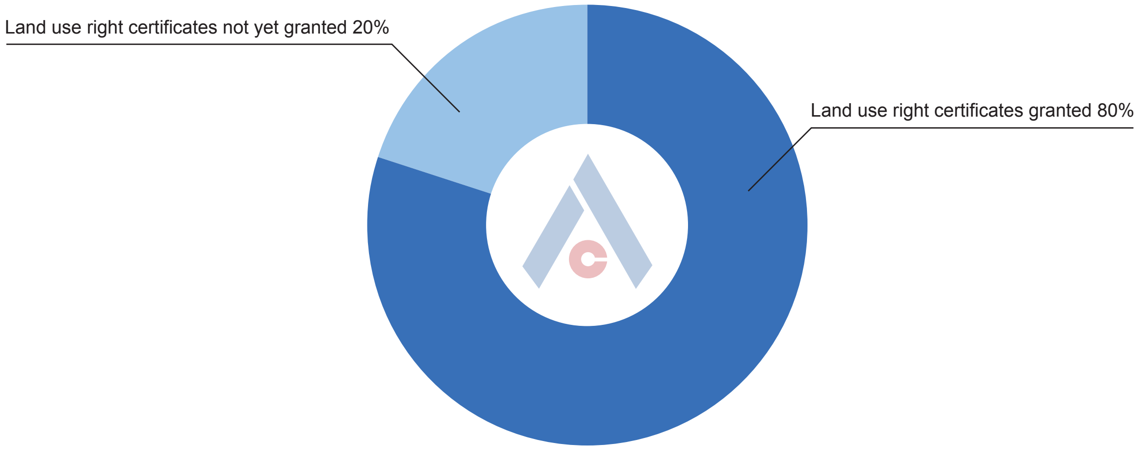
1. Distribution of the Group's land reserves by current development status

Fig: percentage of land under development and land held for future development to the Group's land reserves (as at 31 December 2011)



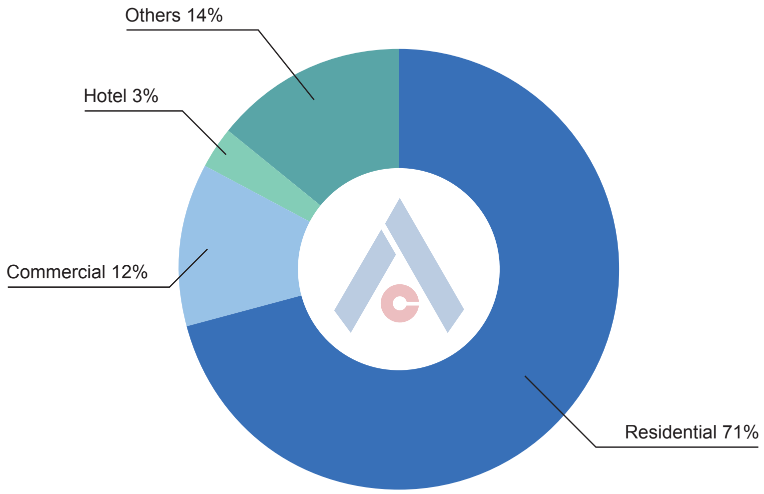
2. Distribution of the Group's land reserves by land use right certificates

Fig: percentage of the Group's land reserves for which land use right certificates had been granted and those had not been granted (as at 31 December 2011)

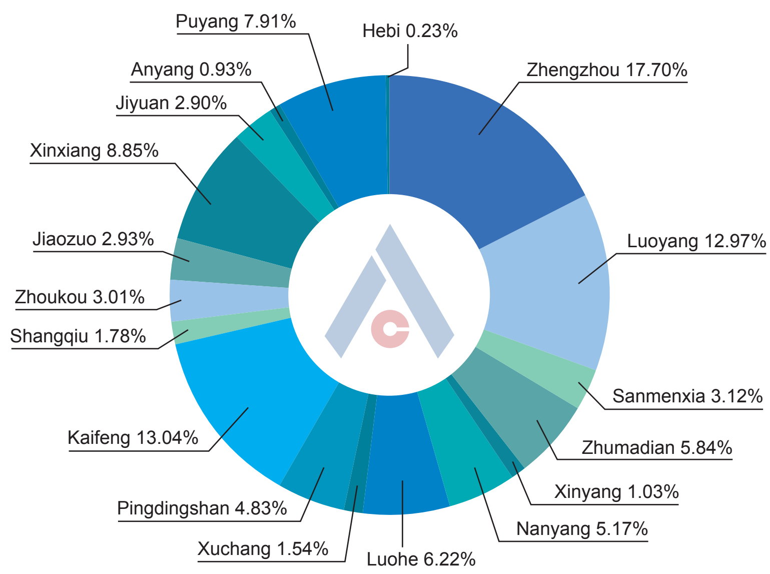


3. By property types

Fig: distribution of property types (as at 31 December 2011)



4. Distribution of the Group's land reserves by cities



(IV) Product Research and Development

The Company's product strategy is to "introduce new products to traditional markets and traditional products to new markets." In traditional markets, we consistently offer innovative products and quality services to improve the competitiveness of our products. In new markets, we shorten project development cycles and achieve better efficiency by fast replication of existing products through product series and standardisation. During 2011, we focused on the delivery of product series, standardisation and low-carbon products, as well as the research and development fully-furbished houses.

(1) Architectural design

As the Group advances further in its strategy of expanding to provincial and regional levels, the complexity and diversity involved in this type of development projects become evident. In order to effectively reduce our costs and resolve new issues in designs, we have successfully introduced a new regime for the assessment of projects by external experts, through which the technical difficulties of project designs would be thoroughly studied, so that overall project optimisation would be achieved by tackling issues at the source, namely the stage of design, and the Group's objective of delivering products with flawless designs would be achieved.

(2) Product series

Along with the further advances of our Company's development of product series, we focused on the production of standardised construction plans and partially standardised samples of building materials for exterior walls. With vigorous promotion, the application of product series proved effective at various segments of the product line. The prominent effectiveness of the strategy of product series was also underscored by the further shortening of our design and construction periods.

(3) Standardisation

In 2011, standardised unit layouts and construction plans as well as standardised designs for the main entrance and peripheral walls were completed for our product series. The "CCRE Standards for Elevators" and "CCRE Standards for Plastic-steel Doors and Windows" were also revised. Further improvements in product standardisation have provided comprehensive technical support for the Company's large-scale strategic purchases of components and parts.

(4) Application of green construction

As a leader in the real estate industry of Henan, the Group has strictly adhered to environmental principles and persisted in the philosophy of green development, incorporating eco-friendly elements in various segments of property development. During 2011, the residential housing industrialisation base was built in Zhongmou for the experimental construction of green technology residences and the development of low-carbon residences to provide technological preparations for the research and development of the Company's 4th generation products.

(5) Customer service and customer relationship

During the report period, construction of the Company's grand service regime officially commenced. Basic services, value-added services and value-for-money services were provided to landlords through two main channels, the 9617777 Call Centre and the Supreme Card payment platform, where football, hotel, education, business, property, supreme services and social resources were integrated in close tandem with customer needs, as we strived to build the grand service regime into an important ingredient of our core competitiveness which is unique, irreplaceable and non-replicable.

The Company has assigned additional administrative functions to 9617777 Call Centre to position it as the moderation and command center for services and resources which is capable of instantly deploying the Company's resources so that first-rate services are made available to customers in no time, in a move to assure "zero blind spot in time, region and service details," which underlies the objective of the grand service regime.

MATERIAL INVESTMENTS

On 29 April 2011, the Group entered into the cooperation agreement (the "Cooperation Agreement") with Bridge Trust Co., Ltd. (百瑞信託有限責任公司) ("Bridge Trust"). Pursuant to the Cooperation Agreement, among others, (i) Bridge Trust shall establish a trust with the trust capital of not more than RMB1,200,000,000 (equivalent to approximately HK$1,412,000,000) and not less than RMB1,000,000,000 (equivalent to approximately HK$1,177,000,000); (ii) the Group shall subscribe for the ordinary units in cash by its internal resources; and (iii) the Group shall provide certain guarantee on basic return of the trust income. The Bridge Trust — CCRE Group Real Estate Trust Investment Fund II ("Trust II") with trust capital of RMB1,077,600,000 (equivalent to approximately HK$1,314,672,000) was established on 29 April 2011. Further details of the transactions under the Cooperation Agreement are disclosed in the announcement of the Company dated 29 April 2011 and note 17 of the financial statements.

On 5 August 2011, the Group entered into an equity transfer agreement with Henan Coal Chemical Industry Group Co., Ltd. (河南省煤業化工集團有限責任公司) ("Henan Coal Chemical"), whereby the Group acquired a 50% equity interest in Henan Coal Chemical Central China Real Estate Development Investment Co., Ltd. (河南煤化建業房地產開發投資有限公司) ("Coal Chemical CCRE") at a consideration of RMB52.80 million. Following the completion of the equity transfer, the Group's equity interest in Coal Chemical CCRE increased from 50% to 100%. Coal Chemical CCRE owns the land use right of a land parcel with a site area of 56,920.65 sq.m. The plot ratio under the development plan set by the local government was 3.5 or below.

On 7 December 2011, CCRE China entered into a capital increase agreement (the "Capital Increase Agreement") with Bridge Trust (being the trustee of Trust II), Tianming Real Estate Limited (天明地產有限公司) ("Tianming Real Estate ") and Zhengzhou Central China Tianming Property Company Limited (鄭州建業天明置業有限公司) ("CCRE Tianming") (a then 50% owned subsidiary of the Company). Pursuant to the Capital Increase Agreement, CCRE China, Bridge Trust and Tianming Real Estate agreed to increase the registered capital of CCRE Tianming from RMB100,000,000 to RMB1,500,000,000, representing an increase of RMB1,400,000,000. Out of the total amount of RMB1,400,000,000, CCRE China, Bridge Trust and Tianming Real Estate agreed to contribute RMB700,000,000, RMB600,000,000 and RMB100,000,000 respectively. Upon completion of the capital increase, CCRE Tianming has a registered capital of RMB1,500,000,000 which is held as to 50%, 40% and 10% by CCRE China, Trust II and Tianming Real Estate respectively and CCRE Tianming ceased to be a subsidiary and is now a jointly-controlled entity of the Company.

BUSINESS OUTLOOK

(I) Market Outlook

1. *The macro-economy environment*

Global economic growth will be subject to numerous uncertainties in 2012. Facing complex and volatile economic conditions in China and abroad, the PRC Government targets to sustain a stable economic growth, which is the main objective in 2012. The Government is expected to make flexible adjustments to its policies based on actual economic performance, so as to ensure the achievement of targets in economic growth. The Company expects the PRC economy to sustain a stable and moderate pace in 2012.

With the full implementation of the central China Economic Zone and the availability of relevant concessions and favorable policies, the Henan economy is expected to sustain growth at a rate higher than the national average in 2012.

2. *The property market*

To enhance property market regulation, the PRC Government has repeatedly stated that it will continue to implement property market regulatory policies to bring property prices down to a reasonable level. Taking into account the fact that the objective of the PRC Government is to regulate the property market in order to facilitate its long-term, stable and healthy development, the Company expects the PRC property market will be stable in 2012.

Henan's industrialisation and urbanisation are growing steadily. With China's accelerated development of medium- and small-sized cities and the full-scale implementation of the central China Economic Zone strategy, Henan will be given a unique historic opportunity for development. The Company expects relatively stable development for Henan's property market in 2012.

(II) Business Planning

In 2012, the Group will continue to penetrate regional markets and strengthen its execution of standardised designs and construction with a view to enhance quality on all fronts. The establishment of a service regime will be accelerated and expanded with the building of a customer resource data bank as part of our efforts to improve our service standards. We will also seek to establish our presence in economically developed county-level cities, so as to sustain rapid and stable business development.

(1) In 2012, the Group expects to commence construction of a total of 30 projects or phases, with a GFA of approximately 3,054,647 sq.m.

Geographical breakdown of commencement of construction in 2012

Location	**Total GFA** *(sq.m.)*	**Percentage** *(%)*
Zhengzhou	805,558	26%
Other cities in Henan Province	2,249,089	74%
Total	**3,054,647**	**100.0%**

(2) ***Completion plan***

The Group expects to complete 20 projects/phases with a GFA of 1,915,497 sq.m. in 2012.

Expected completion of construction in 2012

Project	**Expected Total GFA** *(sq.m.)*
U-Town (Zhengzhou) Phase V second batch	77,737
U-Town (Zhengzhou) Phase VI	153,549
Golf Garden (Luoyang) Phase III	155,983
Code One City (Luoyang) Phase II second batch	105,896
Forest Peninsula (Xinxiang Golden Dragon) Phase I fourth batch	58,216
Code One City (Xinxiang) Phase I	131,838
Code One City (Luohe) Phase II	104,520
Code One City (Jiyuan) Phase II	76,586
Forest Peninsula (Hebi) Phase III	30,511
Code One City (Jiaozuo) Phase I	91,923
Forest Peninsula (Xiuwu) Phase I	60,200
Jianye City (Puyang) Phase VI	86,930
U-Town (Shangqiu) Phase III	31,718
U-Town (Shangqiu) Phase IV	61,719
South Lake No. 1 (Xinyang)	61,402
Triumph Road Project (Luoyang)	202,450
Huayang Square (Luoyang) Phase V first batch	225,942
Forest Peninsula (Kaifeng Dahong) projects	83,232
Jianye Landmark Le Meridien Hotel	65,007
Nanyang Holiday Inn	50,138
Total	**1,915,497**

Major properties under development/for future development by subsidiaries

Location	Address	Main purpose residential/ commercial/ hotel/office	Construction stage	Expected completion date	Attributable interest	Site area *(sq.m.)*	Total GFA *(sq.m.)*
Zhengzhou	No. 3, Shangdu Road, Zhengdong New District, Zhengzhou, Henan Province	Commercial, Office	Foundation	2013	100%	29,422	161,224
Zhengzhou	West of North Station South Road, Shangdu Road, Zhengzhou, Henan Province	Commercial, Office	Planning	2014	100%	29,333	270,000
Zhengzhou	West of Qingong Road, North of Nongye Road Zhengzhou, Henan Province	Residential, Commercial	Planning	2014	100%	56,921	247,746
Zhengzhou	Fengjing District, Yanming Lake, Zhongmou County, Zhengzhou, Henan Province	Residential, Commercial	Planning	2019	60%	836,000	850,000
Luoyang	Intersection of Yuanxi Avenue and Kaiyuan Avenue, Luolong District, Luoyang, Henan Province	Residential, Commercial	Foundation	2013 onward	100%	174,800	638,974
Luoyang	Ningbi North Street, Luolong District, Luoyang, Henan Province	Residential	Superstructure	2012 onward	100%	53,186	266,670
Luoyang	No. 251, Zhongzhou Middle Road, Xigong District, Luoyang, Henan Province	Commercial, Office	Superstructure	2012	100%	29,483	202,450
Xinxiang	Intersection of Xinyi Street and Xiangyang Road, Xinxiang, Henan Province	Residential, Commercial	Superstructure	2016	100%	183,105	772,487
Luohe	Qishan Road East and Songshan Road West, Luohe, Henan Province	Residential, Commercial	Foundation	2013 onward	100%	224,516	593,349
Jiyaun	No. 855, Yugong Road, Jiyaun, Henan Province	Residential, Commercial	Superstructure	2013	100%	94,232	263,809

FINANCIAL REVIEW

Turnover: Our turnover increased by 47.0% to RMB6,638 million in 2011 from RMB4,516 million in 2010, primarily due to a 50.5% increase in property sales and a 47.9% increase in average selling price from approximately RMB4,275 per sq.m. in 2010 to approximately RMB6,323 per sq.m. in 2011. The increase in average selling price was primarily the result of higher proportion of high-end apartment units sold in 2011 in major cities of Henan.

- **Income from sales of property:** Turnover from property sales increased by 50.5% to RMB6,608 million in 2011 from RMB4,392 million in 2010 due to the increase in average selling price as discussed above.

- **Rental Income:** Turnover from property leasing decreased by 6.0% to RMB24 million in 2011 from RMB25 million in 2010, primarily as a result of a slight decrease in the occupancy rate of our commercial properties.

- **Revenue from construction contracts:** Turnover from construction contracts decreased by 92.7% to RMB7 million in 2011 from RMB100 million in 2010. This was primarily the result of the near completion of the construction contract with Henan Province Labor Union as we are paid on a percentage-of-completion basis.

Cost of sales: Our cost of sales increased by 36.8% to RMB4,064 million in 2011 from RMB2,970 million in 2010 primarily due to the increased proportion of high-end apartment units sold in major cities in Henan with higher land costs in 2011 as compared to 2010. Construction costs, including cost of labor and construction materials such as cement, also increased in 2011.

Gross profit: As a result of the foregoing, our gross profit increased by 66.5% to RMB2,574 million in 2011 from RMB1,546 million in 2010, while our gross profit margin increased to 38.8% in 2011 from 34.2% in 2010.

Other revenue: Our other revenue increased by 113.8% to RMB71 million in 2011 from RMB33 million in 2010. This was primarily due to an increase in interest income from advances to our jointly controlled entities, related parties and third parties.

Other net (loss)/income: Our other net loss was RMB17 million in 2011 compared to other net income of RMB28 million in 2010. This net loss in 2011 was primarily due to the realised and unrealised loss of RMB67 million incurred by trading securities as compared to a gain of RMB7 million in 2010, partially offset by the exchange gain of RMB47 million, primarily arising from our RMB-denominated dividend receivables from our PRC subsidiaries to our offshore subsidiaries, as compared to an exchange gain of RMB19 million in 2010.

Selling and marketing expenses: Our selling and marketing expenses increased by 12.8% to RMB162 million in 2011 from RMB144 million in 2010. This increase was primarily due to increased advertising and promotional expenses associated with our expanding business operations, and the increased salaries, other benefits and commissions paid to our sales and marketing staff.

General and administrative expenses: Our general and administrative expenses increased by 18.7% to RMB278 million in 2011 from RMB234 million in 2010. This increase was primarily due to an increase in salaries and other benefits paid to our administrative staff as well as depreciation of our property, plant and equipment.

Other operating income/(expenses): Other operating income amounted to RMB13 million in 2011 compared to other operating expenses of RMB8 million in 2010. We derived other operating income in 2011 primarily as a result of the consulting fee we charged our jointly controlled entities for managing their property projects, partially offset by the trust management fee paid to Bridge Trust as trustee in relation to the Bridge-CCRE Trust and Bridge-CCRE Trust II.

Share of losses of associates: Our share of losses of associates increased by 90.9% to RMB4 million in 2011 from RMB2 million in 2010. Our share of losses of associates primarily represented our share of loss for operating expenses incurred by St. Andrews Golf Club (Zhengzhou) Company Limited, one of our associates.

Share of losses of jointly controlled entities: Our share of losses of jointly controlled entities was RMB7 million in 2011 as compared to RMB4 million in 2010, primarily due to the increased number of jointly controlled entities established in 2011 and late 2010 for operating expenses incurred in the early stages of property development before revenue was generated.

Finance costs: Our finance costs increased by 204.9% to RMB375 million in 2011 from RMB123 million in 2010. This increase was primarily due to the interest on senior notes of RMB243 million in 2011 as compared to RMB49 million in 2010 as we issued the 2010 Senior Notes (as defined below) in October 2010, and a decrease of RMB77 million in fair value of derivatives embedded to the Convertible Bonds (as defined below) with Warrants (as defined below) in 2011.

Net increase in fair value of investment properties: We recorded an increase of RMB2 million in fair value of our investment properties in 2011, as compared to an increase of RMB4 million in 2010.

Income tax: Income tax comprises corporate income tax, land appreciation tax ("LAT") and withholding tax payable on dividend declared by PRC enterprises to non-PRC resident enterprises. Our income tax increased significantly by 108.5% from RMB515 million in 2010 to RMB1,075 million in 2011. The increase in income tax over this period was primarily the result of the increase in profit before taxation and the increased LAT due to higher proportion of high-end apartment units sold in major cities in Henan.

Profit for the year: As a result of the foregoing, our profit for the year increased by 28.1% to RMB743 million in 2011 as compared to RMB580 million in 2010.

Financial resources and utilisation: As at 31 December 2011, the Group's cash and cash equivalents amounted to RMB3,256 million (31 December 2010: RMB3,370 million). During the year, the Group distributed a dividend of RMB163 million to the shareholders of the Company in relation to profit attributable to the year ended 31 December 2010.

Structure of Borrowings and Deposits

The Group continues to adopt a prudent financial policy and centralises its funding and financial management. It continues to maintain a high cash-on-hand ratio and a reasonable level of gearing. During the year, the Group successfully completed the Rights Issue. As at 31 December 2011, the Group's repayment schedule was as follows:

Repayment schedule	2011 *RMB'000*	2010 *RMB'000*
Bank loans		
Within one year	**1,110,660**	1,423,859
More than one year, but not exceeding two years	**376,000**	324,416
More than two years, but not exceeding five years	**140,000**	168,000
	1,626,660	1,916,275
Other loans		
Within one year	**1,245,470**	168,010
More than one year, but not exceeding two years	**107,700**	297,870
More than two years, but not exceeding five years	**—**	152,000
	1,353,170	617,880
Convertible bonds		
Within one year	**549,665**	—
More than one year, but not exceeding two years	**—**	552,209
	549,665	552,209
Senior notes		
Within one year or on demand	**1,849,885**	1,928,806
Total borrowings	**5,379,380**	5,015,170
Deduct:		
Cash and cash equivalents	**(3,255,528)**	(3,370,335)
Restricted bank deposits secured against bank loans	**(84,000)**	—
Net borrowings	**2,039,852**	1,644,835
Total equity	**5,041,752**	3,771,684
Net gearing ratio *(%)*	**40.5%**	43.6%

Pledge of assets: As at 31 December 2011, the Group had pledged completed properties, properties under development, properties for future development and bank deposits with an aggregate carrying amount of RMB3,014 million (2010: RMB2,198 million) to secure general bank credit facilities and other loans granted to the Group.

Financial guarantees: As at 31 December 2011, the Group provided guarantees of approximately RMB4,698 million (2010: 3,061 million) to banks in favor of customers in respect of the mortgage loans provided by the banks to these customers for the purchase of the Group's developed properties.

Capital commitment: As at 31 December 2011, the Group had contractual commitments undertaken by subsidiaries and jointly controlled entities attributable to the Group, the performance of which was underway or ready, in respect of property development amounting to RMB1,463 million (2010: RMB1,957 million), and the Group had authorised, but not yet contracted for, a further RMB15,839 million (2010: RMB11,805 million) in expenditure in respect of property development.

Foreign exchange risk: The Group's businesses are principally conducted in RMB. The majority of assets is denominated in RMB. As at 31 December 2011, the major non-RMB assets and liabilities are (i) bank deposits and borrowings and Convertible Bonds denominated in Hong Kong Dollar ("H.K. dollar" or "HK$") and (ii) the 2010 Senior Notes (as defined below) denominated in United States Dollar ("U.S. dollar" or "US$"). The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB currencies. The majority of the Group's foreign currency transactions and balances are denominated in H.K. dollar and U.S. dollar. The Group currently does not have any foreign currency hedging policy.

Interest rate risks: The interest rates for a portion of the Group's loans were floating. Upward fluctuation in interest rates will increase the interest cost of new and existing loans. The Group currently does not use derivative instruments to hedge its interest rate risks.

Human resources and remuneration policy: As at 31 December 2011, the Group had 1,487 employees (31 December 2010: 1,218 employees). Staff remuneration is determined on the basis of individual performance, experience and prevailing industry practices. The Group reviews its remuneration policy and arrangements on a regular basis and staff may be rewarded with bonuses and cash payments depending on individual performance appraisals. The Group's policies for insurance and provident fund are in compliance with national and local laws and regulations on labour affairs and social welfare. At the date of this report, there was no significant labor dispute which had or might have an adverse impact on our business operation.

INVESTOR RELATIONS REPORT

Zhengzhou U-Town

Investor Relations Report

INVESTOR RELATIONS

Effective investor relation is always considered pivotal to the Group's business and is an essential part of the Group's management philosophy. The Group believes that timely and effective communication with stakeholders will promote transparency and enable them to better understand the Group's business, therefore fostering a positive mutual relationship. The Group's Investor Relations Department (the "IR Department") is dedicated tirelessly to achieving such a goal. In addition to dissemination of company information in an open, transparent and timely manner, the IR Department also proactively engages in two-way dialogues with stakeholders.

Over the years, the Group works relentlessly to enhance communication with stakeholders, including investors, the public, and media, in their understanding of the Company's latest business development, property sales, operational management, market prospects, and financial standing. As a result, the Group has substantially raised its profile and is now better known to the investment community and the public.

The Group's IR Department considers a transparent and timely communication with its stakeholders of top priority. Through one-on-one meetings, telephone or e-mail exchanges, and regular dissemination of company updates, the Group has received valuable feedback from stakeholders in addition to delivering its messages, creating a very useful interactive platform. Aside from publishing interim and annual reports, our investor relations professionals also distribute press releases, monthly newsletters and announcements to investors and the media. The Group is also proactive in maintaining good media relations, which paid off with the Group's sales performance and business developments during the year under review generating strong media coverage.

To enable stakeholders to better understand the Group's business, the Group organized and engaged in a variety of investor relations activities. In 2011, the Group attended investor seminars and conferences organized by various investment banks, such as Citi Group, DBS Vickers, UBS, Bank of America Merrill Lynch, Morgan Stanley, Barclays, BNP Paribas, Royal Bank of Scotland, Deutsche Bank, Credit Suisse, and JP Morgan. To bolster foreign and local investors' understanding about the Group's most updated business development, the Group frequently arranged site visits to its projects as well as meetings with officials and executives of its regional subsidiaries.

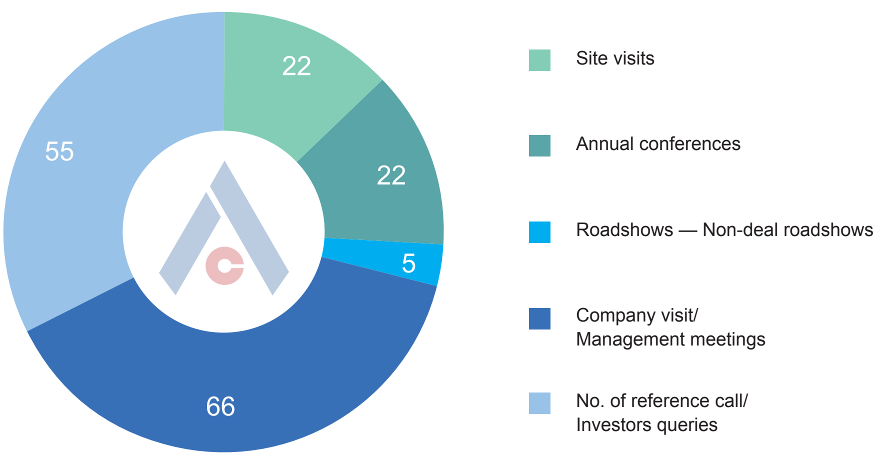

Shangqiu U-Town

Zhengzhou St. Andrews Golf Course

MAJOR INVESTOR RELATIONS ACTIVITIES OF THE GROUP IN 2011

Date	Conference	Organizer	Location
8 December, 2011	Greater China Property Corporate Day	BOA Merrill Lynch	Hong Kong
15-17 November, 2011	AP Summit Conference	Morgan Stanley	Singapore
9 November, 2011	Barclays Capital Asia Investment Symposium 2011	Barclays	Singapore
31 October, 2011	New China Conference	BOA Merrill Lynch	Beijing
19-21 October, 2011	Greater China Investor Conference	Citi Group	Macau
12-14 October, 2011	18th Annual China Conference	BNP Paribas	Qingdao
26-27 September, 2011	China Property Conference	UBS	Hong Kong
14-15 July, 2011	HK/China Mini Conference (Theme: Property)	Citi Group	Hong Kong
11-12 July, 2011	RBS Hong Kong-China Access	Royal Bank of Scotland	Hong Kong
6 July, 2011	DBS Vickers Pulse of Asia Conference	DBS Vickers	Singapore
23-24 May, 2011	2nd Annual DB Access Asia Conference 2011	Deutsche Bank	Singapore
16-17 May, 2011	2nd Annual Hong Kong Investor Summit	Morgan Stanley	Hong Kong
5-6 May, 2011	Citi Asia Pacific Property Conference	Citi Group	Singapore
19 April, 2011	Regional HK Corporate Day	DBS Vickers	Hong Kong
18 April, 2011	BNP China Property Corporate Day	BNP	Hong Kong
21-25 March, 2011	Credit Suisse Asian Investment Conference	Credit Suisse	Hong Kong
2-3 March, 2011	J.P.Morgan Global Emerging Markets Corporate Conference	J.P.Morgan	Miami
17-18 February, 2011	5th Annual Asian Corporate Bond & High Yield Market Forum	EUROMONEY SEMINARS	Beijing
17-21 January 2011	UBS Greater China Conference	UBS	Shanghai
10-13 January, 2011	DB Access China Conference 2011	Deutsche Bank Global Markets	Beijing
9-11 January, 2011	UBS Greater China Conference	UBS	Shanghai
7 January, 2011	China & Hong Kong Property Day 2011	Credit Suisse	Hong Kong

Investor Relations Activities in 2011 (times)



PROSPECTS

The year 2012 marks the Group's 20th anniversary of providing high-quality housing to the Henan people. Going forward, the Group anticipates that CCRE will maintain its steady pace of expansion and development in the province. The Group will continue its relentless effort in fostering investor relations, with the aim that its stakeholders will better understand and support our business.

Luoyang Huayang Square

Zhengzou Shangjie Aloft Hotel

Corporate and Social Responsibility Report

I. SUSTAINABLE DEVELOPMENT

As a leader of the real estate industry in Henan Province, the Group has stated in The Jianye Manifesto on Green Operation its pledge to build low-carbon residential housing with lower greenhouse gas (GHG) emissions and its dedication to sustainable development, as part of its efforts to honour its corporate social responsibility. The Group is firmly committed to the Henan market and sees sustainable development as a crucial factor to its long-term development. The Group will strive to contribute to the fostering of a green environment and harmonious society in Henan by promoting low-carbon living, which is expected to become a dominant trend in future property development.

The Jianye Manifesto on Green Operation

1. ***Low Carbon Residential Development***

   The Company is determined to play an active role in driving urbanisation and social progress in the central region, seeking to make greater contributions to the healthy and sustainable development of China's real estate sector and the prosperity of the nation as a whole. While endeavouring to deliver value to shareholders, the Company also undertakes certain responsibilities towards its staffs, consumers, the community and the environment.

2. ***Focus on sustainable development***

   In the Jianye Manifesto on Green Operation in April 2010, the Company emphasized its commitment to sustainable development as a guiding principle for the planning and design of future residential projects. The Company has also set up a research team dedicated to the development of green products with low-carbon features, such as low-carbon residential housing with lower GHG emissions. In the long-run, the Company has plans to introduce its proprietary green technologies in its product series and to implement the green concept in its projects by working with its suppliers.

   In 2012, the Group will put its green technologies into practice by commencing construction of an industrial base for residential housing at Jianye Village, which is equipped with sophisticated green and low-carbon technologies. Meanwhile, the Company has plans to develop a boutique housing project with a GFA of 200,000 square metres, with features designed to reduce wasteful consumption of construction materials by end-users and minimize impact on the environment.

Construction and works management

- In 2012, furnished and decorated space will account for 200,000 square metres out of the aggregate GFA of the Group's products, in a move to encourage end-users to refrain from wasteful decoration works.

II. FOCUS ON STAFF DEVELOPMENT

Staff development is crucial for future corporate development. The Group seeks to enhance its staff training, incentive and promotion system on a continuing basis, while addressing the needs of employees' career development at various stages, with the aim of creating a harmonious workplace for the benefit of the Company's growth and development. The Group has set specific targets and measurable deliverables in respect of all training programmes, so as to ensure improvements in the know-how and skills of employees that would meet the needs of our development. The Company has designed a two-pronged promotion system for management positions and professional positions, whereby each employee may pursue the suitable path in light of his or her particular situation and what is required by the Company's development. The Company provides career development counseling services for its employees where appropriate to map out with each employee his/her career development path. To ensure ongoing enhancements to the staff quality of the Company, a multiple talent training system has also been designed, where people are trained for management succession and for positions with specific expertise, respectively, at the Corporate University and Jianye Academy.

III. FOCUS ON SOCIAL CONTRIBUTIONS AND CHARITABLE CAUSES

The Group supported and participated in charity events such as donation of funds, provision of scholarships and participation in poverty-relief work, etc. In order to support public transport development, the Group contributed RMB6.5 million towards the building of the public transportation system of Zhengzhou, the capital city of Henan Province. Mr. Wu Po Sum personally donated RMB50 million for the building of youth libraries and art galleries as part of the efforts to enhance education in Henan Province. Furthermore, the Group has donated RMB10 million in aggregate in a span of 10 years since 2011 to support the "Henan Foundation for Care of the Next Generation" (「河南省關心下一代基金會」).

IV. PROSPECTS

We will continue to carry out our corporate social responsibility by making contributions to the society and offering assistance to the needy. As a leading property developer in the Henan market, we will undertake our social responsibilities and continue to fulfill our duties in firm commitment to our strategic objectives and a steady drive for business development, while further improving our corporate governance and business management in a bid to maximize our corporate value.

We will further enhance our staff evaluation system, reinforce staff training, make key improvements to staff benefits and help our employees to fulfill their goals in life as part of our efforts in sustainable corporate development.

Corporate Governance Report

The Company strives to attain and maintain high standards of corporate governance. It is the belief of the Board that effective corporate governance and disclosure practices are not only crucial in enhancing the Company's accountability and transparency and thus investors' confidence but also important to the Group's long-term success.

CORPORATE GOVERNANCE PRACTICES

During the year, the Company has been in full compliance with the code provisions in the Code on Corporate Governance Practices (the "Code") as contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange. The Group is committed to continuously improve its corporate governance and disclosure practices and ensure its businesses are conducted in accordance with all applicable laws, rules and regulations.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules as the code of conduct for directors of the Company (the "Directors") in their dealings in the Company's securities. The Company made specific enquires with each Director and each of them confirmed that he or she had complied with the Model Code for the year ended 31 December 2011.

BOARD OF DIRECTORS

The Board, which is chaired by Mr. Wu Po Sum, consists of three executive Directors and seven non-executive Directors, three of whom are independent. The composition of the Board ensures a balance of skills and experience appropriate for the requirements of the business of Group and the exercising of independent opinion.

The Directors who held office during the year and up to the date of this report include:

Executive Directors

Mr. Wu Po Sum *(Chairman)*
Mr. Wang Tianye *(Chief Executive Officer)*
Ms. Yan Yingchun

Non-executive Directors

Mr. Lim Ming Yan *(Vice-chairman)* (with Mr. Lucas Ignatius Loh Jen Yuh as alternate)
Mr. Leow Juan Thong Jason
Ms. Wu Wallis (alias Li Hua)
Mr. Hu Yongmin

Independent Non-executive Directors

Mr. Cheung Shek Lun
Mr. Wang Shi
Mr. Xin Luo Lin

Ms. Wu Wallis is the daughter of Mr. Wu Po Sum. Save as disclosed, there is no family or other material relationship among the members of the Board. The biographical details of the Directors are set out on pages 42 to 45 of this report.

All executive Directors and non-executive Directors (except Mr. Hu Yongmin) have entered into service contracts with the Company for a specific term of three years. Under the articles of association (the "Articles of Association") of the Company, the Board is empowered to appoint any person as a Director to fill the casual vacancy on or as an additional Director. The Board considers a candidate's experience, skill and knowledge and competency and ability to fulfill duty of care and diligence and fiduciary duty and/or recommendation by the Nomination Committee (as defined below) (if any).

In compliance with Rule 3.10 of the Listing Rules, the Company has appointed three independent non-executive Directors, one of whom possesses the appropriate professional qualifications in accounting and financial management. Each of the three independent non-executive Directors has confirmed his independence of the Company and the Company considers each of them to be independent in accordance with the guidelines of assessing independence as set out in Rule 3.13 of the Listing Rules. Each of the three independent non-executive Directors has signed a letter of appointment with the Company for a specific term of three years.

Pursuant to the Articles of Association, at least one-third or, if the number is not a multiple of three, the nearest to one-third, of the Directors are subject to retirement from office by rotation and re-election at the annual general meeting of the Company once every three years. In accordance with article 87 of the Article of Association, Ms. Yan Yingchun, Mr. Lim Ming Yan, Mr. Leow Juan Thong Jason and Mr. Xin Luo Lin will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. All other Directors will continue in office.

All Directors have given sufficient time and attention to the affairs of the Group and in particular, the independent non-executive Directors have provided the Board with their diversified expertise and professional advices. The Board is of the view that there is a balanced composition of executive, non-executive and independent non-executive Directors in the Board and the independent non-executive Directors are able to provide sufficient checks and balances to safeguard the interests of the shareholders of the Company (the "Shareholders") and the Group. The participation of the independent non-executive Directors in the Board and committee meetings also provides independent judgment on the issues relating to strategy, policy, performance, accountability, conflict of interest and standards of conduct.

The Board members have access to timely information relating to the Group's business and will be provided with further documents and information upon request to enable them to make informed decisions.

The Company has subscribed appropriate and sufficient insurance coverage on Directors' liabilities in respect of legal actions taken against Directors arising out of corporate activities.

RESPONSIBILITY OF THE BOARD

The Board is in charge of leadership and control of the Group and is responsible for maximising the Group's financial performance and making decisions in the best interests of the Group and its Shareholders. Under the leadership of Mr. Wu Po Sum, the chairman of the Board (the "Chairman"), the Board is also responsible for formulating and overseeing the business strategies and policies of the Group, approving and monitoring annual budgets and business plans, reviewing operational and financial performance, reviewing and monitoring the Group's financial control and risk management systems. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to the executive Directors and management of the Group.

BOARD MEETINGS

The Board holds meetings regularly and meets at other times as and when required to review financial, internal and compliance controls, risk management, company strategy and operating performance of the Group. For the year ended 31 December 2011, the Board held 4 regular and 6 ad hoc meetings.

The number of Board meetings attended by each Director from 1 January 2011 to 31 December 2011 is set out in the following table:

Directors	Full Board	Audit Committee	Remuneration Committee
Mr. Wu Po Sum	7/10		2/2
Mr. Wang Tianye	8/10		
Ms. Yan Yingchun	5/10		
Mr. Lim Ming Yan*	3/10		
Mr. Leow Juan Thong Jason	6/10	2/2	
Ms. Wu Wallis (alias Li Hua)	4/10		
Mr. Hu Yongmin	2/10		
Mr. Cheung Shek Lun	4/10	2/2	2/2
Mr. Wang Shi	0/10		
Mr. Xin Luo Lin	3/10	1/2	1/2

* Mr. Lucas Ignatius Loh Jen Yuh (Alternate Director of Mr. Lim Ming Yan) attended 2 Board meetings on behalf of Mr. Lim Ming Yan.

Sufficient notice for regular Board meetings and notice of reasonable days for ad hoc Board meetings were given to all Directors so as to ensure that each of them had an opportunity to attend the meetings, and agenda and accompanying Board papers were given to all Directors in a timely manner. As agreed by the Board, the Directors may also seek independent professional advice at the Company's expense. During the intervals between Board meetings, the senior management of the Company provides the Directors with information on a timely basis regarding all major developments or changes in the Group's businesses.

Should a Director have a potential conflict of interest in a matter being considered in the Board meeting, he or she will abstain from voting in respect of the relevant resolution. Independent non-executive Directors with no conflict of interest will be present at meetings dealing with such issues.

The draft minutes of the Board meetings are prepared by the company secretary and circulated to all Directors for comment within a reasonable time. The approved minutes of the Board meetings were kept by the company secretary and are available for inspection by all Directors upon request.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer are currently two separate positions held by Mr. Wu Po Sum and Mr. Wang Tianye respectively with clear distinction in responsibilities.

Mr. Wu Po Sum, being the Chairman, is responsible for the management and leadership of the Board to formulate overall strategies and business development directions for the Group, to ensure that adequate, complete and reliable information is provided to all Directors in a timely manner, and to ensure that the issues raised at the Board meetings are explained appropriately.

Mr. Wang Tianye, being the Chief Executive Officer, is responsible for the daily operations of the Group and the implementation of business policies, objectives and plans as formulated and adopted by the Board, and is accountable to the Board for the overall operation of the Group.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to present a balanced, clear and understandable assessment of the Group's performance, position and prospects in the consolidated financial statements of the annual and interim reports in accordance with statutory requirements and applicable accounting standards. The Directors confirm that, to the best of their knowledge, information and relief, having made all resonable enquiries, they are not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern.

In preparing the financial statements for the year ended 31 December 2011, the Directors have selected appropriate accounting policies and applied them consistently, and have made judgments and estimates that are prudent and reasonable.

The Group has announced its annual and interim results in a timely manner within the limits of three months and two months respectively after the end of the relevant financial periods, as laid down in the Listing Rules.

INTERNAL CONTROL

The Board has the responsibility to maintain an effective internal control system in order to safeguard the Group's assets and Shareholders' interests, review and monitor the effectiveness of the internal control and risk management systems on a regular basis to ensure that the systems in place are adequate.

The Group's internal control system comprises, among others, the relevant financial, operational and compliance controls and risk management procedures, a well-established organisational structure with clearly defined lines of responsibility and authority. Each department is accountable for its daily operations and is required to implement the business strategies and policies adopted by the Board from time to time.

The Board conducted a review and assessment of the effectiveness of the Group's internal control system and procedures for the year ended 31 December 2011 by way of discussions with the management of the Group, members of the audit committee (the "Audit Committee") and external independent auditors. The Board believes that the existing internal control system is adequate and effective. The Board also reviewed the resources, qualification and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget and was satisfied with their adequacy.

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") to oversee the relevant aspects of the Company's affairs. The three Board committees are provided with sufficient resources to discharge their duties.

AUDIT COMMITTEE

In compliance with Rule 3.21 of the Listing Rules, the Audit Committee was established on 14 May 2008. The Audit Committee comprises three members, namely Mr. Cheung Shek Lun (the chairman of the Audit Committee), Mr. Xin Luo Lin and Mr. Leow Juan Thong Jason during the year ended 31 December 2011. None of them is a member of the former or existing auditors of the Company. The Board is of the view that the members of the Audit Committee have sufficient accounting and financial management expertise and experience to discharge their duties. However, the Audit Committee is authorised to obtain external legal or other independent professional advice if it considers necessary.

The Audit Committee has written terms of reference in accordance with the Code. The principal functions of the Audit Committee include:

- To make recommendations to the Board on the appointment, reappointment and removal of external independent auditors and to approve the remuneration and terms of such appointments;

- To review and monitor the independence and objectivity of the external independent auditors and effectiveness of the audit process in accordance with applicable standards;

- To review the Company's financial controls, internal control and risk management systems and other major financial matters;

- To review the Group's financial and accounting policies and practices, and to monitor the Company's financial operation and core business status;

- To ensure that the management has fulfilled its duty to maintain an effective internal control system;

- To ensure compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board from time to time; and

- To review and monitor the integrity of the financial statements, annual and interim reports and the auditor's report to ensure that the information presents a true and balanced assessment of the Group's financial position.

The Audit Committee meets not less than twice a year. The Audit Committee has reviewed together with the management and external independent auditors the accounting policies and practices adopted by the Group, financial reporting matters including reviewing the Group's consolidated results for the year ended 31 December 2011, as well as assessed the effectiveness of the Group's internal control and risk management systems.

For the year ended 31 December 2011, the external independent auditors' remuneration in respect of audit services provided to the Group amounted to approximately RMB4 million. During the year, service fee to external independent auditors for the Rights Issue amounted to RMB373,000.

NOMINATION COMMITTEE

The Nomination Committee was established on 29 March 2012 with written terms of reference as suggested under the code provision in the Code. The Nomination Committee comprises three members, namely Mr. Wu Po Sum (the chairman of the Nomination Committee), Mr. Cheung Shek Lun and Mr. Xin Luo Lin.

The primary duties of the Nomination Committee include: (i) reviewing the structure, size and composition of the Board at least once a year and to make recommendations to the Board regarding any proposed changed for conforming to the strategy of the Company; (ii) identifying and nominating qualified individuals to act as Directors and to make recommendations to the Board regarding such matters; (iii) assessing the independence of the independent non-executive Directors; (iv) making recommendations to the Board regarding the appointment or re-appointment of Directors.

The chairman of the Nomination Committee shall attend the annual general meeting of the Company to answer the questions raised by the Shareholders on Director's nomination and other nomination policy matters.

The Nomination Committee shall meet at least once a year (or in accordance with the regulations of regulatory authorities applicable to the Company from time to time) at the time as required to discharge its duties. The meeting shall be convened and chaired by the Chairman.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 14 May 2008 with written terms of reference as suggested under the code provision in the Code. The Remuneration Committee comprises three members, namely Mr. Xin Luo Lin (the chairman of the Remuneration Committee), and two independent non-executive Directors, Mr. Cheung Shek Lun and Mr. Wu Po Sum during the year ended 31 December 2011.

The primary duties of the Remuneration Committee include (i) making recommendations to the Board on the Company's policies and structures for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the terms of the specific remuneration package of individual executive Director and senior management; and (iii) reviewing and approving remuneration proposal by reference to corporate goals and objectives resolved by the Directors from time to time.

The amount of the executive Directors' remuneration is determined by the Remuneration Committee on the basis of the relevant executive Directors' experience, responsibility, workload and the time devoted to the Group. The entire Directors' remuneration is reviewed by the Remuneration Committee from time to time.

The Remuneration Committee may also consult the Chairman on proposals relating to the remuneration of other executive Directors and has access to professional advice if necessary.

The Remuneration Committee meets not less than once a year. The Remuneration Committee considered and approved the remuneration policy of the Directors and senior management for the year ended 31 December 2011.

To comply with the Listing Rules effective from 1 April 2012, Mr. Xin Luo Lin, an independent non-executive Director, was appointed as the chairman of the Remuneration Committee in place of Mr. Wu Po Sum, the Chairman and an executive Director, with effect from 29 March 2012. Mr. Wu Po Sum has remained as a member of the Remuneration Committee.

CORPORATE COMMUNICATION AND INVESTOR RELATIONS

The major task and objective of the Group's investor relations is to clearly introduce the Group, including the business positioning, existing operations and future development of the Group, to the media, Shareholders, investors, analysts and investment banks through different communication channels. In future, the Group shall further enhance communication with the media, Shareholders, investors, analysts and investment banks on various aspects such as development strategies, operation and management, financial prospects and business operation through meetings, senior management's participation in investor forums, conferences and roadshows. The Group is confident in establishing and maintaining a good relationship with the international capital institutions through the continued enhancement of information transparency.

The Group emphasizes the importance of maintaining good communication with the Shareholders, so as to increase the Company's transparency and understanding by the Shareholders. To enable that the Shareholders are effectively informed of the Group's status and developments, the Group issues announcements, circulars, notices, interim and annual reports in a timely manner. To enhance the Company's transparency, other information about the Company is published at the Company's website at http://www.centralchina.com.

The Company's annual general meetings allow the Directors to meet and communicate with the Shareholders and to answer any queries that the Shareholders may have. An external independent auditor is also present at the annual general meetings. The Chairman will propose separate resolutions for each issue to be considered at the annual general meetings. A notice of annual general meeting is delivered to all Shareholders at least 20 clear business days prior to the date of the meeting, setting out details of each proposed resolution and other information. Voting results are posted on the websites of the Company and of the Stock Exchange.

Profile of Directors and Senior Management

EXECUTIVE DIRECTORS

Wu Po Sum (formerly known as Hua Jianming), aged 61, is an executive Director, the Chairman of the Board and the founder of the Group. He is also a director of a number of subsidiaries of the Company. Mr. Wu is responsible for the formulation of development strategies, making decisions on investment projects and development directions of the Group. He graduated from Zhengzhou University majoring in English in 1979 and completed the CEO Program for China in China Europe International Business School on 27 March 2005. Mr. Wu is the father of Ms. Wu Wallis, a non-executive Director.

Mr. Wu has over 20 years of experience in real estate development and investment. He started his career with China Textile Import and Export Corporation Henan Branch in 1979. From 1982 to 1985, Mr. Wu was sent by the Department of Foreign Trade of Henan Province to work in Hong Kong. From 1985 to 1986, he was the assistant general manager of Central China International Economic Trade Company Limited ("CCIET"). From 1986 to 1988, Mr. Wu worked as the president and the general manager in Guoguang Industrial Company Limited, a subsidiary of CCIET. From 1988 to 1991, Mr. Wu served as the assistant general manager and the general manager in Central China International (Group) Limited and Central China Overseas Development Company Limited, respectively. He then entered the PRC real estate market in May 1992, when he laid the foundation for the Group and established the「建業」(Jianye) brand name. Mr. Wu devotes himself not only to the development of the Group's business, but also to public services and promoting the PRC real estate industry.

Mr. Wu has an interest in the shares of the Company, details of which are set out in the section headed "Directors' and chief executives' interests in shares, underlying shares or debentures" under Directors' report in this annual report.

Wang Tianye, aged 53, is an executive Director and the chief executive officer of the Group. He is also a director of a number of subsidiaries of the Company. Mr. Wang is responsible for the formulation of development strategies and the overall business management of the Group. He obtained a Diploma in International Finance from Peoples's University of China in 1985 and a Master of Applied Finance degree from Macquarie University in Australia in 1996. Mr. Wang completed the Global CEO Program for China in China Europe International Business School in June 2007. He joined the Group in November 2004, and has served as a director and the general manager of Construction Housing Group Company Limited (the former holding company of the Group). Mr. Wang held an office in Bank of China from 1980 to 1997. He has over 20 years of experience in finance and investment and around 10 years of experience in the real estate industry. He worked as a deputy general manager in Bank of China Sydney Branch from 1993 to 1997, and was a senior associate in the Australian Institute of Banking and Finance. From 1998 to 2004, Mr. Wang was the general manager of an investment company established by Guangdong Development Bank in Hong Kong.

Mr. Wang was an independent non-executive director in three companies listed on the Stock Exchange, namely, National Investments Fund Limited (stock code: 1227, September 2002–July 2004), Temujin International Investments Limited (stock code: 204, September 2003–January 2007) and S&D International Development Group Limited (stock code: 8148, November 2003–March 2007).

Mr. Wang has an interest in the shares of the Company, details of which are set out in the section headed "Directors' and chief executives' interests in shares, underlying shares or debentures" under Directors' report in this annual report.

Yan Yingchun, aged 52, is an executive Director and the head of the Board's office. She is also a director of a number of subsidiaries of the Company. Ms. Yan is responsible for the day-to-day operation of the Board and internal audit of the Group. She obtained a Diploma of Accounting from Zhongnan Financial and Economic University in 1986 and qualified as a senior accountant in the PRC in 2000. Ms. Yan has over 20 years of experience in financial management. Before joining the Group in February 1992, she worked in the Financial Section of Zhengzhou Hardware and Electric Appliance Company Limited as the deputy manager from 1985 to 1988. From 1988 to 1991, Ms. Yan served as the deputy general manager of the Finance Department of Central China Overseas Development Company Limited. She has served in the posts of finance manager, human resources manager, assistant to general manager, accountant in chief, vice-president and chief financial officer of CCRE China since joining the Group.

Ms. Yan has an interest in the shares of the Company, details of which are set out in the section headed "Directors' and chief executives' interests in shares, underlying shares or debentures" under Director's report in this annual report.

NON-EXECUTIVE DIRECTORS

Lim Ming Yan, aged 49, is the Vice-Chairman of the Board and a non-executive Director. He is also a director of a number of subsidiaries of the Company. Mr. Lim obtained a Bachelor of Science degree in Mechanical Engineering and Economics from the University of Birmingham, UK, in 1985 and attended the Advanced Management Program at Harvard Business School in 2002. He has over 15 years of experience in real estate development and investment and is currently the chief operating officer of CapitalLand Group ("CapitaLand"). Mr. Lim is also concurrently Deputy Chairman of the CapitaLand China Executive Committee, which co-ordinates and aligns CapitaLand's investments, operations, branding and resources in China. Prior to this, he was the chief executive officer of The Ascott Limited (resigned on 6 February 2012), a wholly-owned serviced residence business unit of CapitaLand and the chief executive officer of CapitaLand China Holdings Pte Ltd, responsible for growing CapitaLand into one of the leading foreign real estate developers in China.

For his contribution to the city of Shanghai, Mr. Lim was twice conferred the "Magnolia Silver Award" and the "Magnolia Gold Award" by the Shanghai Municipal Government in 2003 and 2005. He is also the deputy chairman of Beijing Association of Enterprises with Foreign Investments since September 2005. Mr. Lim was presented the Outstanding Chief Executive (Overseas) of the Year 2006 of the Singapore Business Awards. He was a non-executive director in Lai Fung Holdings Limited (stock code: 1125) from 21 June 2006 to 5 March 2010, a company listed on the Main Board of the Stock Exchange.

Mr. Lim has an interest in the shares of the Company, details of which are set out in the section headed "Directors' and chief executives' interests in shares, underlying shares or debentures" under Directors' report in this annual report.

Mr. Lucas Ignatius Loh Jen Yuh was appointed as Mr. Lim's alternate Director on 22 March 2010.

Leow Juan Thong Jason, aged 45, is a non-executive Director. He is also a director of a number of subsidiaries of the Company. Mr. Leow is currently the chief executive officer of CapitaLand (China) Investment Co. Ltd. He became a Certified Public Accountant in Singapore in 1994. Mr. Leow obtained an Executive Master degree in Business Administration from Fudan University and also attended the Advanced Management Program at Harvard Business School in 2007. He has over 17 years of experience in real estate investment. Prior to joining CapitaLand in 2001, Mr. Leow was a financial analyst at ST Aerospace Ltd and worked in DBS Finance Ltd for 3 years. He worked in The Ascott Group from 1994 to September 2001, mainly participating in property investment and development in the mainland of China. Mr. Leow is a non-executive director of Lai Fung Holdings Limited (stock code: 1125), a company listed on the Stock Exchange.

Mr. Leow has an interest in the shares of the Company, details of which are set out in the section headed "Directors' and chief executives' interests in shares, underlying shares or debentures" under Directors' report in this annual report.

Wu Wallis, alias Li Hua, aged 30, is a non-executive Director. She is also a director of a number of subsidiaries of the Company. Ms. Wu obtained a Bachelor of Architecture degree from the University of New South Wales in Australia in 2006, and a Master of Applied Finance degree from Macquarie University in 2007. Before joining the Group in 2006, she worked in Woodhead International (Beijing) and Banatex Architects Pty Ltd in Sydney Australia in 2005. Ms. Wu is the daughter of Mr. Wu Po Sum, an executive Director and the chairman of the Board.

Hu Yongmin, aged 41, is a non-executive Director. Graduated from Fudan University, he is one of the co-founders and managing director of FountainVest. Prior to the founding of FountainVest, Mr. Hu was a managing director at Temasek Holdings. He was also a member of Temasekso global investment committee, and head of its real estate investment. Previously an investment banker, Mr. Hu was a director and head of China telecom, media and technology investment banking for Credit Suisse and Shanghai Chief Representative for Bear Stearns. From November 2005 to November 2006, he was the non-executive director of Hopson Development Holdings Limited (stock code: 754), a company listed on the Stock Exchange. Mr. Hu is the independent director of Home Inns & Hotels Management Inc., a company listed on National Association of Security Dealers Automated Quotations ("NASDAQ").

INDEPENDENT NON-EXECUTIVE DIRECTORS

Cheung Shek Lun, aged 51, is an independent non-executive Director. He obtained a bachelor degree in Business Administration from the Chinese University of Hong Kong in 1986, a bachelor degree in Business from the University College of Southern Queensland in 1990, and a bachelor degree in Law from the University of Wolverhampton in 2002. Mr. Cheung worked as an assistant assessor in the Inland Revenue Department of the Hong Kong government from November 1986 to January 1989, an accountant in Hong Kong Telephone Company Limited from July 1989 to April 1990, an accounting manager, group senior vice president — accounting and other positions of Fortune (Shanghai) Limited from May 1990 to September 2006, and a senior executive of T.C.C. International Limited from October 2006 to October 2007 and vice-chairman of InsiteAsset Management Group Ltd. since September 2008. Currently he is a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Chartered Association of Certified Accountants, a member of the Chartered Institute of Management Accountants, a member of the Institute of Chartered Secretaries and Administrators in the UK and a member of The Hong Kong Institute of Chartered Secretaries. Mr. Cheung was appointed as an independent non-executive Director in January 2008.

Wang Shi, aged 61, is an independent non-executive Director. He obtained a bachelor degree in Water Supply Studies from Lanzhou Transportation University in 1977. Mr. Wang has almost 20 years of experience in real estate development. He worked in the Guangzhou Railway Bureau from 1978 to 1980, Guangdong Provincial Committee from 1981 to 1983 and Shenzhen Special Region Development Company from 1983 to 1984. Mr. Wang founded Shenzhen Exhibition Centre of Modern Science and Education Equipment, the predecessor of China Vanke Co. Ltd in 1984 and acted as the general manager. He held the office of general manager of China Vanke Co. Ltd from 1988 to 1999, and has been the chairman of China Vanke Co. Ltd since 1988. Mr. Wang is an independent non-executive director of Sohu.com Inc., a company listed on the NASDAQ, an independent non-executive director of Modern Media Holdings Limited (stock code: 72) and an independent non-executive director of China Resources Land Limited (stock code: 1109). The shares of the latter two companies are listed on the Stock Exchange.

Xin Luo Lin, aged 62, is an independent non-executive Director. He is a postgraduate from the Beijing University in the PRC. Mr. Xin was a visiting scholar at the Waseda University, Japan between 1980 and 1983, an honorary research associate at the University of British Columbia, Canada during 1983 and 1984 and a visiting fellow at the Australia National University, Australia in 1985. He is an independent investor with over 20 years of experience in investment banking in the PRC, Hong Kong and Australia. Mr. Xin was a Senior Advisor to Potter Warburg, Australia from 1985 to 1989 and to Citic-Hambros, Australia, from 1995 to 1997, respectively. He is a Justice of Peace in New South Wales of Australia. Mr. Xin is an independent non-executive director of Enerchina Holdings Limited (stock code: 622), a company listed on the Stock Exchange. Mr. Xin is also an independent non-executive director of Sinolink Worldwide Holdings Limited (stock code: 1168), a company listed on the Stock Exchange. He serves as a director of Mori Denki Mfg. Co., Ltd., a company listed on the Tokyo Stock Exchange. Mr. Xin serves as a director and vice chairman of Oriental Technologies Investment Limited, a company listed on the Australian Stock Exchange. In addition, Mr. Xin is also a non-executive director of Sino-Tech International Holdings Limited (stock code: 724), a company listed on the Stock Exchange; a non-executive director of Asian Capital Holdings Limited (stock code: 8295), a company listed on the Stock Exchange and a non-executive director of China Environmental Technology Holdings Limited (stock code: 646), a company listed on the Stock Exchange.

SENIOR MANAGEMENT

Chu Wai Ming Benson (resigned on 27 December 2011), aged 42, was the Chief Financial Officer of the Company, qualified accountant and the company secretary of the Company. He is a member of the Hong Kong Institute of Certified Public Accountants, fellow member for the Association of Chartered Certified Accountants, Certified Tax Advisor and fellow member of the Taxation Institute of Hong Kong. Mr. Chu obtained a bachelor degree in Accountancy from the Hong Kong Polytechnic University, as well as a Master degree in Business Administration from the Manchester University. He has 20 year of experience in professional accounting, auditing and financial management. Prior to joining the Group in March 2011, he worked in KPMG for eight years, and held various senior positions with major corporations including vice president of finance in PCCW (stock code: 8), a company listed on the Stock Exchange, vice president in Brilliance China Automotive Holdings Limited (stock code: 1114), a company listed on the Stock Exchange, and general manager of finance in Modern Terminals Limited (a major subsidiary of the Wharf Group).

Hu Bing (appointed on 27 December 2011), aged 35, is the Chief Financial Officer of the Company. Mr. Hu is a Certified Public Valuer and obtained the Master degree in Business Administration from Guanghua School of Management of Peking University in 2004. He has joined the Group since 2004. After Mr. Hu joined the Group, he had held a number of positions including Assistant to the General Manager, Deputy General Manager, General Manager, Deputy Director (Project Management) of Financial Management Center, Director of Financial Management Center and General Manager of (Budget Planning Department), Vice President of the Group and General Manager of Financial Management Center (responsible for finance and cost center), and Vice President of the Group and General Manager of Financial Management Center. Prior to joining the Group, Mr. Hu was a Project Manager in Shenzhen Sinocoms Appraisal Company Limited from 1997 to 2001 and worked in Beijing Zhongdingxing Financial Consulting Limited from 2001 to 2002.

Directors' Report

The Board presents the annual report together with the audited financial statements of the Group for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, and its subsidiaries are principally engaged in property development in the People's Republic of China.

SEGMENT INFORMATION

Management considers there to be only one operating segment under the requirements of HKFRS 8.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2011 and its Consolidated Statement of Financial Position as at 31 December 2011, together with the Statement of Financial Position of the Company as at 31 December 2011, are set out in the financial statements on pages 60 to 154.

The Directors are pleased to recommend a final dividend of HK10.0 cents per ordinary share for the year ended 31 December 2011 to the shareholders on the Company's Register of Members on 29 May 2012.

FIVE YEAR FINANCIAL SUMMARY

A summary of the consolidated results and of the consolidated assets, liabilities and Non-controlling interests of the Group for the last five financial years is set out on pages 155 to 156. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year under review are set out in notes 13 and 14 respectively to the financial statements.

The Group's investment properties were revalued at the year end date. The revaluation resulted in a net increase in fair value of RMB1.9 million which has been charged directly to the Consolidated Income Statement.

SENIOR NOTES

In October 2010, the Group issued secured senior notes due 2015 with principal amount of US$300,000,000 at a coupon rate of 12.25% per annum (the "2010 Senior Notes"). The proceeds from issue of the 2010 Senior Notes shall be used to fund new property projects, repay existing indebtedness and for general corporate purposes. Further details of the 2010 Senior Notes are set out in note 29 to the financial statements.

On 12 April 2012, the Company together with certain of its subsidiaries entered into a purchase agreement (the "Purchase Agreement") with Morgan Stanley & Co. International plc, Deutsche Bank AG, Singapore Branch and Oversea-Chinese Banking Corporation Limited in connection with the Company's proposed issue of secured senior notes due 2016 with principal amount of SGD175 million at a coupon rate of 10.75% per annum (the "2012 Senior Notes"). The Company intends to use the proceeds from issue of the 2012 Senior Notes to repay existing indebtedness and for general corporate purposes. Further details relating to the proposed issue of the 2012 Senior Notes are disclosed in the announcements of the Company dated 10 and 12 April 2012.

SHARE CAPITAL

Details of the Company's issued share capital during the year are set out in note 32(a)(i) to the financial statements. There are no movements in the Company's issued share capital during the year.

THE RIGHTS ISSUE

During the year, the Group completed the Rights Issue pursuant to which 428,000,000 rights shares were allotted and issued for the purposes of funding land acquisition and general working capital. Further details of the Rights Issue are set out in note 32(a)(ii) to the financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2011 are set out in note 32(b)(vii) to the financial statements and in the Consolidated Statement of Changes in Equity, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2011, purchases from the Group's five largest suppliers (excluding purchases of land) accounted for less than 30% of the Group's total purchases and purchases from the largest supplier (excluding purchases of land) amounted to approximately 15.1% of the Group's total purchases. Sales to the Group's five largest customers accounted for less than 30% of the Group's total turnover and sales to the largest customer amounted to approximately 0.7% of the Group's total turnover.

Save as disclosed in note 36 to the consolidated financial statements, none of the Directors, their associates or any Shareholders (who or which to the knowledge of the Directors owns more than 5% of the Company's share capital) has any interest in any of the Group's five largest suppliers or customers.

DIRECTORS

The Directors in office during the year ended 31 December 2011 and up to the date of this report are as follows:

Executive Directors

Mr. Wu Po Sum *(Chairman)*
Mr. Wang Tianye *(Chief Executive Officer)*
Ms. Yan Yingchun

Non-Executive Directors

Mr. Lim Ming Yan *(Vice Chairman)* (with Mr. Lucas Ignatius Loh Jen Yuh as alternate)
Mr. Leow Juan Thong Jason
Mr. Hu Yongmin
Ms. Wu Wallis (alias Li Hua)

Independent Non-Executive Directors

Mr. Cheung Shek Lun
Mr. Wang Shi
Mr. Xin Luo Lin

In accordance with Article 87 of the Articles of Association of the Company, Ms. Yan Yingchun, Mr. Lim Ming Yan, Mr. Leow Juan Thong Jason and Mr. Xin Luo Lin will retire from office by rotation at the upcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

The Company has received, from each of the independent non-executive Directors, an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Based on such information, the Company considers the independent non-executive Directors to be independent.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 42 to 45.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wu Po Sum, Mr. Wang Tianye and Ms. Yan Yingchun has entered into a service contract with the Company pursuant to which he/she agreed to act as executive Director for a term of three years with effect from 6 June 2011.

Each of Mr. Lim Ming Yan, Mr. Leow Juan Thong Jason and Ms. Wu Wallis (alias Li Hua) has entered into a service contract with the Company pursuant to which he/she agreed to act as non- executive Director for a term of three years with effect from 6 June 2011.

Each of Mr. Cheung Shek Lun and Mr. Wang Shi has signed a letter of appointment dated 6 June 2011 with the Company pursuant to which he agreed to act as independent non-executive Director for a term of three years with effect from 6 June 2011. Mr. Xin Luo Lin has signed a letter of appointment dated 1 March 2010 with the Company pursuant to which he agreed to act as independent non-executive Director for a term of three years with effect from 1 March 2010.

Save as disclosed above, no Director has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS

Save for the relevant transactions as disclosed in note 36 to the consolidated financial statements, no Director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party existed at the end of the year or at any time during the year under review.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

At 31 December 2011, the interests and short positions of the Directors and chief executives in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows or as disclosed under the section headed "Share Option Schemes" below:

Long positions in ordinary shares of the Company:

Name	Capacity	Number of shares	Approximate percentage of the interest in the Company's issued share capital
Mr. Wu Po Sum	Interest in a controlled corporation	1,146,315,639[1]	47.21%
	Beneficial owner	8,560,420[3]	0.35%
Mr. Wang Tianye	Interest in a controlled corporation	16,568,131[2]	0.68%
	Beneficial owner	4,613,400[3]	0.19%
Ms. Yan Yingchun	Beneficial owner	3,588,200[3]	0.15%
Mr. Lim Ming Yan	Beneficial owner	2,563,000[3]	0.11%
Mr. Leow Juan Thong Jason	Beneficial owner	1,537,800[3]	0.06%

Notes:

1. The 1,146,315,639 shares were registered in the name and were beneficially owned by Joy Bright Investments Limited ("Joy Bright"), a company wholly owned by Mr. Wu Po Sum. Accordingly, he was deemed to be interested in the 1,146,315,639 shares by virtue of the SFO.

2. The 16,568,131 shares were registered in the name and were beneficially owned by Super Joy International Limited is ("Super Joy"). Mr. Wang Tianye has a controlling interest in Super Joy and is therefore deemed to be interested in the 16,568,131 shares by virtue of the SFO.

3. Such interest in the shares is held pursuant to the share options granted under the Pre-IPO Share Option Scheme (as defined below) and the Share Option Scheme (as defined below), the details of which are disclosed on pages 127 to 129 of this annual report.

Save as disclosed above or under the section headed "Share Option Schemes" below, as at 31 December 2011, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

The Company has two share option schemes, namely the pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and the share option scheme (the "Share Option Scheme").

A. Pre-IPO Share Option Scheme

On 14 May 2008, the Company conditionally granted share options under the Pre-IPO Share Option Scheme to the Directors, employees and consultants of the Company. The exercise of these share options would entitle 5 Directors, and 76 employees and consultants of the Group to subscribe for an aggregate of 14,350,000 shares and 17,650,000 shares of the Company respectively. The initial exercise price was HK$2.75 per share and was adjusted to HK$2.682 per share on 27 June 2011 as a result of and following the Rights Issue conducted by the Company. The Pre-IPO Share Option Scheme was effective from the listing date of the Company's shares on the Stock Exchange.

The purpose of the Pre-IPO Share Option Scheme is to give the participants an opportunity to have a personal interest in the Company and to motivate the participants to optimise their performance and efficiency, and also to retain the participants whose contributions are important to the long-term growth and profitability of the Group.

The Pre-IPO Share Options shall expire on 13 May 2013. As at 31 December 2011, share options to subscribe for 28,756,860 Shares remained outstanding.

The Pre-IPO Share Option Scheme was terminated on the date immediately preceding the date of the prospectus of the Company, that is, 25 May 2008. The share options granted under the Pre-IPO Share Option Scheme but not yet exercised shall continue to be valid and exercisable in accordance with the terms of the Pre- IPO Share Option Scheme.

Movements of the share options granted under the Pre-IPO Share Option Scheme during the year from 1 January 2011 to 31 December 2011 were as follows:

			Number of share options granted under the Pre-IPO Share Option Scheme					
Name or category of participants	**Date of grant**	**Exercise price per share**	**As at 1 January 2011**	**Adjustment upon the Rights Issue**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**As at 31 December 2011**
Directors								
Mr. Wu Po Sum	14 May 2008	HK$2.682	6,350,000	160,020	—	—	—	6,510,020
Mr. Wang Tianye	14 May 2008	HK$2.682	2,500,000	63,000	—	—	—	2,563,000
Mr. Lim Ming Yan	14 May 2008	HK$2.682	2,500,000	63,000	—	—	—	2,563,000
Mr. Leow Juan Thong Jason	14 May 2008	HK$2.682	1,500,000	37,800	—	—	—	1,537,800
Ms. Yan Yingchun	14 May 2008	HK$2.682	1,500,000	37,800	—	—	—	1,537,800
			14,350,000	361,620	—	—	—	14,711,620
Senior Management, other employees and consultants of the Group	14 May 2008	HK$2.682	15,100,000	347,760	—	—	1,402,520	14,045,240
			29,450,000	709,380	—	—	1,402,520	28,756,860

Note:

In relation to each grantee of the share options granted under the Pre-IPO Share Option Scheme, no share option is exercisable within the first year from the date of listing of the shares on the Stock Exchange, that is, 6 June 2008 (the "Listing Date"), not more than 20% of the share options are exercisable within the second year from the Listing Date and not more than 40% of the share options are exercisable in each of the this third and fourth year from the Listing Date.

On 28 June 2011, the Company completed the Rights Issue pursuant to which 428,000,000 rights shares were allotted and issued. Hence, the exercise price and the number of share options under the Pre-IPO Share Option Scheme were adjusted in accordance with the terms of the Pre-IPO Share Option Scheme and the supplemental guidance (the "Supplemental Guidance") issued by the Stock Exchange on 5 September 2005.

B. Share Option Scheme

The Shareholders conditionally adopted the Share Option Scheme pursuant to the written resolutions dated 14 May 2008. The purpose of the Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus aligning their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

Under the Share Option Scheme, the employees of the Group (including the executive Directors) and such other persons as the Board may consider appropriate may be granted options which entitle them to subscribe for Shares representing, when aggregated with any Shares subject to any other scheme(s) of the Company, up to a maximum of 10% of the Shares in issue of the Company as of 6 June 2008, unless the Company obtains a fresh approval from the Shareholders to renew the said limit or the Shareholders specifically approve the grant.

The total number of Shares issued or to be issued upon exercise of the share options granted and yet to be exercised under the Share Option Scheme or any other share option scheme(s) adopted by the Company must not exceed 30% of the total number of Shares in issue from time to time. The amount payable by a grantee on acceptance of a grant of the option is HK$1.00 (or its equivalent in RMB or any other currency acceptable to the Company).

The maximum number of Shares issued and to be issued upon exercise of the share options granted and to be granted pursuant to the Share Option Scheme and any other share option scheme(s) of the Company to each participant in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue. Any further grant of options which would result in the number of the Shares issued as aforesaid exceeding the said 1% limit must be approved by the Shareholders in general meeting at which such participant and his or her associates must abstain from voting.

Any grant of share options to a participant who is a Director, chief executives, or substantial shareholder or any of their respective associates must be approved by the independent non-executive Directors, excluding any independent non-executive Director who is the grantee of the share options.

The exercise periods of the share options may be specified by the Company at the time of the grant, and the share options shall expire no later than 10 years from the relevant date of the grant. As at 31 December 2011, share options to subscribe for 28,941,000 Shares remained outstanding.

The subscription price for the shares under the Share Option Scheme shall be determined by the Board in its absolute discretion and notified to a participant, provided that such price shall be at least the highest of (i) the closing price of shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of a share option which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five consecutive trading days immediately preceding the date of offer; and (iii) the nominal value of a Share.

In 2011, the Company granted share options under the Share Option Scheme to subscribe for an aggregate of 12,500,000 ordinary shares of HK$0.10 each of the Company.

The Share Option Scheme will expire on 13 May 2018.

Movement of share options granted under the Share Option Scheme during the year from 1 January 2011 to 31 December 2011 were as follows:

			Number of share options granted under the Share Option Scheme					
Name or category of participants	**Date of grant**	**Exercise price per share**	**As at 1 January 2011**	**Adjustment upon the Rights Issue**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**as at 31 December 2011**
Directors								
Mr. Wu Po Sum	25 May 2010	HK$1.853	2,000,000	50,400	—	—	—	2,050,400
Mr. Wang Tianye	25 May 2010	HK$1.853	2,000,000	50,400	—	—	—	2,050,400
Ms. Yan Yingchun	25 May 2010	HK$1.853	2,000,000	50,400	—	—	—	2,050,400
			6,000,000	151,200	—	—	—	6,151,200
Senior Management, other employees and	25 May 2010	HK$1.853	14,000,000	352,800	—	—	2,563,000	11,789,800
consultants of the Group	25 July 2011	HK$2.160	—	—	12,500,000	—	1,500,000	11,000,000
			20,000,000	504,000	12,500,000	—	4,063,000	28,941,000

Note:

In relation to each grantee of the share options granted under the Share Option Scheme, no share option is exercisable within the first year from the respective dates of grant, that is, 25 May 2010 and 25 July 2011 (the "Dates of Grant"), not more than 20% of the share options are exercisable within the second year from the respective Dates of Grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the respective Dates of Grant.

On 28 June 2011, the Company completed the Rights Issue pursuant to which 428,000,000 rights shares were allotted and issued, hence the exercise price and the number of share under the Share Option Scheme were adjusted in accordance with Rule 17.03(13) of the Listing Rules, the Supplemental Guidance and the terms of the Share Option Scheme.

Additional information in relation to the Share Option Scheme is set out in note 30 to the financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to any Directors or chief executives of the Company, as at 31 December 2011, other than the interests and short positions of the Directors or chief executives of the Company as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures" and "Share Option Schemes" above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long positions in ordinary shares of the Company:

Name	Capacity and nature of Interest	Number of shares	Approximate percentage of the interest in the Company's issued share capital[1]
Joy Bright	Beneficial owner	1,146,315,639[2]	47.2%
CapitaLand LF (Cayman) Holdings Co., Ltd ("CapitaLand (Cayman)")	Beneficial owner	658,116,228[3]	27.1%
CapitaLand China Holdings Pte Ltd. ("CapitaLand China")	Interest of controlled corporation	658,116,228[2]	27.1%
CapitaLand Residential Limited ("CapitaLand Residential")	Interest of controlled corporation	658,116,228[3]	27.1%
CapitaLand Limited ("CapitaLand")	Interest of controlled corporation	658,116,228[3]	27.1%
Temasek Holdings (Private) Limited ("Temasek Holdings")	Interest of controlled corporation	658,116,228[3]	27.1%
FV Green Alpha Two Limited ("FV Green")	Beneficial owner	298,566,476[4]	12.3%

Notes:

1. The percentage shareholdings are based on a total of 2,428,000,000 shares in issue.

2. Mr. Wu Po Sum holds 100% of the issued share capital of Joy Bright and is deemed to be interested in the 1,146,315,639 shares held by Joy Bright for the purposes of the SFO.

3. CapitaLand (Cayman) is directly wholly owned by CapitaLand China. CapitaLand China is directly wholly owned by CapitaLand Residential and CapitaLand Residential is directly wholly owned by CapitaLand. Temasek Holdings has an interest in approximately 40.41% of the issued share capital of CapitaLand. Therefore, each of CapitaLand China, CapitaLand Residential, CapitaLand and Temasek Holdings (Private) Limited is deemed or taken to be interested in the 658,116,228 shares which are owned by CapitaLand (Cayman) for the purposes of the SFO.

4. On 5 August 2009, the Company entered into a subscription agreement with FV Green (the "Subscription Agreement") relating to the issue and subscription of the convertible bonds (the "Convertible Bonds") at an aggregate principal amount of HK$687 million which were issued in conjunction with the warrants (the 'Warrants") entitling FV Green to subscribe for a maximum of 68,338,594 shares. On 28 June 2011, the Company completed the Rights Issue pursuant to which 428,000,000 right shares were allotted and issued. Hence the conversion price of the Convertible Bonds and the Warrants were adjusted to HK$2.984 per share and HK$3.947 per share which were made in accordance with the terms of the Convertible Bonds and the Warrants respectively. Based on the conversion price of HK$2.984 per share and assuming full conversion of the Convertible Bonds at such conversion price, the Convertible Bonds will be convertible into 230,227,882 shares (the "Conversion Shares"). The Warrants entitle FV Green to subscribe for a maximum of 68,338,594 shares (the "Warrant Shares") at the exercise price of HK$3.947 per share. As at the date of this report, none of the Conversion Shares and/or the Warrant Shares was issued by the Company to FV Green.

Save as disclosed above, as at 31 December 2011, there was no other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS

Mr. Wu Po Sum & Joy Bright

On 16 May 2008, Mr. Wu Po Sum (the ultimate controlling Shareholder) and Joy Bright (the controlling Shareholder which is a wholly owned subsidiary of Mr. Wu Po Sum) executed in favour of the Company, a non-competition undertaking (the "Non-competition Undertaking A") in respect of the conduct of their property developments or investments in the PRC. Under the Non-competition Undertaking A, each of Mr. Wu Po Sum and Joy Bright undertakes, among others, that during the validity of the Non-competition Undertaking A:

1. he or Joy Bright will not and will procure his or Joy Bright's associates not to engage, directly or indirectly, whether as a Shareholder, officer, partner, agent, consultant or otherwise and whether for profit, reward or otherwise, in any business which will or may, directly or indirectly, compete with the business carried out by the Group;

2. in the event that he/Joy Bright or any of his/Joy Bright's associates identifies or is offered any opportunities to engage in a business that is in competition with that of the Group, he/Joy Bright will and will procure that his/Joy Bright's associates will, as soon as practicable inform the Company of such opportunity and provide such information as is available to him/Joy Bright in respect of such opportunity to the Company. The Company has a right within one month thereafter to take up the opportunity and in the event that the Company decides to take up the opportunity, he/Joy Bright will use his/its best endeavor to assist the Group to obtain such opportunity; in the event that the Company declines such opportunity or fails to respond within the stipulated period, he/Joy Bright or his/Joy Bright's associates may take up such opportunity provided that the terms upon which he takes up such opportunity shall be no more favorable than those offered to the Group.

Pursuant to the annual declaration in relation to the compliance with the Non-competition Undertaking A dated 22 February 2012 provided by Mr. Wu Po Sum and Joy Bright respectively, each of them confirms that during the period from 1 January to 31 December 2011 (the "Relevant Period"), (i) all the relevant terms of the Non-competition Undertaking A have been fully complied with in all material respects; and (ii) neither of them identified or was offered any opportunities to engage in a business that is in competition with that of the Group.

CapitaLand (Cayman) & CapitaLand China

On 16 May 2008, CapitaLand (Cayman) (the strategic investor and the substantial Shareholder) and CapitaLand China (the holding company of CapitaLand (Cayman)) executed in favour of the Company, a non-competition undertaking (the "Non-competition Undertaking B") in respect of the conduct of their certain activities in the PRC. Under the Non-competition Undertaking B, CapitaLand (Cayman) and CapitaLand China undertake, among others, that during the validity of the Non-competition Undertaking B:

1. each of them will not in the provinces of Henan, Hubei, Hunan, Shanxi, Anhui and Shaanxi (the "Provinces"), either on their own account or in conjunction with or on behalf of any natural person, company, corporation, association, partnership, organisation, business firm, joint venture, trust, unincorporated organisation or any other entity or organisation, or any governmental authority (the "Person(s)"), carry on or be engaged, concerned or interested directly or indirectly whether as Shareholder, director, employee, partner, agent or otherwise in carrying on the business of residential property development (other than as a holder of not more than 5% of the issued shares or debentures of any company listed on any recognized stock exchange);

2. in the event CapitaLand (Cayman)/CapitaLand China identifies or is offered any opportunity to participate in any project in any of the Provinces that falls within the business scope of the Group, CapitaLand (Cayman)/CapitaLand China agrees to notify the Company of such opportunity and that the Company shall have an option to negotiate and participate in such project provided that such option shall be exercisable by the Company within 30 days upon the receipt of the relevant information on such project from CapitaLand (Cayman)/CapitaLand China. Upon the expiry of such 30-day period, unless the Company has communicated to CapitaLand (Cayman)/CapitaLand China the Company's intention to participate in the relevant project, CapitaLand (Cayman)/CapitaLand China may participate in such project on its own account or in conjunction with or on behalf of any Person on terms no more favorable than those offered to the Group.

Pursuant to the annual declaration in relation to the compliance with the Non-competition Undertaking B dated 12 March 2012 provided by CapitaLand (Cayman) and CapitaLand China respectively, each of them confirms that during the Relevant Period, (i) all the relevant terms of the Non-competition Undertaking B have been fully complied with in all material respects; and (ii) neither of them identified or was offered any opportunity to participate in any project in any of the Provinces that falls within the business scope of the Group (namely, residential property development in the Provinces or such other businesses as may be agreed in writing between the Company and CapitaLand (Cayman)/CapitaLand China).

CONNECTED TRANSACTIONS

During the year ended 31 December 2011, the Group entered into the following connected transactions:

1. On 5 September 2011, CCRE China (as lender) entered into an entrusted loan agreement (the "First Entrusted Loan Agreement") with the Zhengzhou Branch of Shanghai Pudong Development Bank Co., Ltd. ("SPD Bank, Zhengzhou Branch") (as entrusted lender) and Zhengzhou Tianjiu Property Limited ("Tianjiu Property") (as borrower) in respect of granting an entrusted loan (the "First Entrusted Loan"), which was guaranteed by Tianming Real Estate and secured by its 50% equity interest in CCRE Tianming, in the principal amount of RMB50,000,000 (equivalent to approximately HK$60,975,610) to Tianjiu Property through SPD Bank, Zhengzhou Branch. On 18 November 2011, CCRE China (as lender) entered into another entrusted loan agreement (the "Second Entrusted Loan Agreement") with SPD Bank, Zhengzhou Branch (as entrusted lender) and Tianjiu Property (as borrower) in respect of granting an entrusted loan (the "Second Entrusted Loan"), which was guaranteed by Tianming Real Estate Limited and secured by its 50% equity interest in CCRE Tianming, in the principal amount of RMB100,000,000 (equivalent to approximately HK$121,951,220) to Tianjiu Property through SPD Bank, Zhengzhou Branch. The interest rates under the First Entrusted Loan Agreement and Second Entrusted Loan Agreement are higher than the prevailing benchmark interest rate for fixed deposits in Renminbi announced by the People's Bank of China, the Company considers that the First Entrusted Loan and the Second Entrusted Loan provide a reasonable return to the Group and the capital risk associated therewith is minimal.

2. On 7 December 2011, CCRE China entered into the Capital Increase Agreement with Bridge Trust (being the trustee of Trust II), Tianming Real Estate and CCRE Tianming. Pursuant to the Capital Increase Agreement, CCRE China, Bridge Trust and Tianming Real Estate agreed to increase the registered capital of CCRE Tianming from RMB100,000,000 to RMB1,500,000,000, representing an increase of RMB1,400,000,000. Out of the total amount of RMB1,400,000,000, CCRE China, Bridge Trust and Tianming Real Estate agreed to contribute RMB700,000,000, RMB600,000,000 and RMB100,000,000 respectively. Upon completion of the capital increase, CCRE Tianming has a registered capital of RMB1,500,000,000 which is held as to 50%, 40% and 10% by CCRE China, Trust II and Tianming Real Estate respectively and CCRE Tianming ceased to be a subsidiary and is now a jointly-controlled entity of the Company. The Company considers that the capital injection by Trust II into CCRE Tianming and introduction of Trust II as an equity holder of CCRE Tianming are part of the trust arrangements in respect Trust II pursuant to which capital is raised for development of the Group's property projects.

EVENTS AFTER THE REPORTING PERIOD

The Company breached certain covenants under the indenture of the 2010 Senior Notes. The Company commenced the consent solicitation (the "Consent Solicitation") from the holders (the "Noteholders") of the Senior Notes to certain proposed amendments to, and certain waivers of the past defaults under, the indenture dated 20 October 2010 pursuant to which the Senior Notes were issued, on 7 March 2012 and successfully obtained consents from the Noteholders holding US$282,670,000 of the aggregate principal amount of the Senior Notes, representing approximately 94.22% of the aggregate principal amount of the outstanding Senior Notes, on 20 March 2012. Further details of the Consent Solicitation were disclosed in the announcements dated 7 March 2012 and 20 March 2012.

On 12 April 2012, the Company together with certain of its subsidiaries entered into the Purchase Agreement with Morgan Stanley & Co. International plc, Deutsche Bank AG, Singapore Branch and Oversea-Chinese Banking Corporation Limited in connection with the Company's proposed issue of the 2012 Senior Notes. The Company intends to use the proceeds from issue of the 2012 Senior Notes to repay existing indebtedness and for general corporate purposes. Further details relating to the proposed issue of the 2012 Senior Notes are disclosed in the announcements of the Company dated 10 and 12 April 2012.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries and its jointly controlled entities has purchased, redeemed or sold any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Law of the Cayman Islands.

RETIREMENT BENEFIT SCHEME

With effect from 1 December 2000, the Group had joined a mandatory Hong Kong provident fund scheme (the "MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at specified rates. The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme. During the year, the Group made contribution to the schemes amounting to approximately RMB12 million. No forfeited contribution under this scheme is available to reduce the contribution payable in future years.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this report as required under the Listing Rules.

BANK LOANS, OTHER LOANS, CONVERTIBLE BONDS AND SENIOR NOTES

Particulars of bank loans, other loans, convertible bonds and senior notes of the Group as at 31 December 2011 are set out in notes 24, 25, 28 and 29 to the financial statements respectively.

During the year, no convertible bonds were converted into ordinary shares of the Company and no warrants were exercised.

AUDIT COMMITTEE

The principal duties of the Audit Committee include the review of the internal controls and consolidated financial statements of the Group. The members of the Audit Committee are satisfied with the Company's internal control procedures and the consolidated financial statements for the year ended 31 December 2011.

POST BALANCE SHEET EVENT

Details of a non-adjusting post-balance sheet event are set out in note 39 to the consolidated financial statements.

DONATIONS

Charitable donations and other donations made by the Group during the year amounted to RMB9.5 million (2010: RMB8 million).

AUDITORS

KPMG will retire and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Wu Po Sum
Chairman
29 March 2012

KPMG

Independent auditor's report to the shareholders of
Central China Real Estate Limited
(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Central China Real Estate Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 60 to 154, which comprise the consolidated and company statements of financial position as at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Independent auditor's report to the shareholders of
Central China Real Estate Limited (Continued)
(Incorporated in Cayman Islands with limited liability)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
29 March 2012

Consolidated Income Statement

for the year ended 31 December 2011

(Expressed in Renminbi)

	Note	2011 RMB'000	2010 RMB'000
Turnover	4	**6,638,354**	4,516,351
Cost of sales		**(4,063,916)**	(2,970,439)
Gross profit		**2,574,438**	1,545,912
Other revenue	5	**71,419**	33,356
Other net (loss)/income	5	**(16,573)**	27,532
Selling and marketing expenses		**(162,385)**	(143,900)
General and administrative expenses		**(277,889)**	(234,044)
Other operating income/(expenses)		**13,338**	(8,062)
		2,202,348	1,220,794
Share of losses of associates	16	**(4,162)**	(2,224)
Share of losses of jointly controlled entities	17	**(7,277)**	(3,904)
Finance costs	6(a)	**(375,059)**	(122,853)
Profit before change in fair value of investment properties and income tax		**1,815,850**	1,091,813
Net increase in fair value of investment properties	14	**1,900**	3,673
Profit before taxation	6	**1,817,750**	1,095,486
Income tax	7(a)	**(1,074,820)**	(515,427)
Profit for the year		**742,930**	580,059
Attributable to:			
Equity shareholders of the Company		**667,995**	544,887
Non-controlling interests		**74,935**	35,172
Profit for the year		**742,930**	580,059
Earnings per share	11		
— Basic (RMB cents)		**29.77**	26.57
— Diluted (RMB cents)		**29.77**	25.59

The above statement should be read in conjunction with accompanying notes. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 32(c).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2011

(Expressed in Renminbi)

	2011 *RMB'000*	2010 *RMB'000*
Profit for the year	**742,930**	580,059
Other comprehensive income for the year (after tax and reclassification adjustments)		
Exchange differences on translation of financial statements of overseas subsidiaries	**58,924**	28,093
Total comprehensive income for the year	**801,854**	608,152
Attributable to:		
Equity shareholders of the Company	**726,229**	571,753
Non-controlling interests	**75,625**	36,399
Total comprehensive income for the year	**801,854**	608,152

There is no tax effect relating to the above component of the other comprehensive income.

The above statement should be read in conjunction with accompanying notes.

Consolidated Statement of Financial Position

at 31 December 2011

(Expressed in Renminbi)

	Note	2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment	13	**945,421**	513,268
Investment properties	14	**278,800**	276,900
Interests in associates	16	**49,675**	40,837
Interests in jointly controlled entities	17	**3,102,995**	2,742,160
Other financial assets	18	**97,800**	71,800
Deferred tax assets	31(b)	**111,570**	18,260
		4,586,261	3,663,225
Current assets			
Trading securities	19	**74,878**	163,461
Properties for sale	20	**8,624,403**	6,334,705
Trade and other receivables	21	**441,527**	328,064
Deposits and prepayments	22	**1,733,818**	956,533
Prepaid tax	31(a)	**109,022**	80,468
Restricted bank deposits	23	**652,863**	536,376
Cash and cash equivalents		**3,255,528**	3,370,335
		14,892,039	11,769,942
Current liabilities			
Bank loans	24	**1,110,660**	1,423,859
Other loans	25	**1,245,470**	168,010
Trade and other payables and accruals	26	**5,078,595**	2,828,509
Receipts in advance	27	**3,098,425**	3,453,939
Convertible bonds	28	**549,665**	—
Senior notes (mature in 2015)	*2(b)(ii)/29*	***1,849,885***	*1,928,806*
Tax payable	31(a)	**828,655**	311,806
		13,761,355	10,114,929
Net current assets		**1,130,684**	1,655,013
Total assets less current liabilities		**5,716,945**	5,318,238

Consolidated Statement of Financial Position *(Continued)*

at 31 December 2011

(Expressed in Renminbi)

	Note	2011 RMB'000	2010 RMB'000
Non-current liabilities			
Bank loans	24	516,000	492,416
Other loans	25	107,700	449,870
Convertible bonds	28	—	552,209
Deferred tax liabilities	31(b)	51,493	52,059
		675,193	1,546,554
NET ASSETS		5,041,752	3,771,684
CAPITAL AND RESERVES			
Share capital	32(a)	215,185	179,637
Reserves		4,427,303	3,316,181
Total equity attributable to equity shareholders of the Company		4,642,488	3,495,818
Non-controlling interests		399,264	275,866
TOTAL EQUITY		5,041,752	3,771,684

Approved and authorised for issue by the board of directors on 29 March 2012.

Wu Po Sum
Executive Director

Wang Tianye
Executive Director

The above statement should be read in conjunction with accompanying notes.

Statement of Financial Position

at 31 December 2011

(Expressed in Renminbi)

	Note	2011 RMB'000	2010 RMB'000
Non-current assets			
Interest in subsidiaries	15	4,372,200	3,836,883
Current assets			
Derivative financial instruments	21	3,595	36,902
Cash and cash equivalents		219,691	191,470
		223,286	228,372
Current liabilities			
Convertible bonds	28	549,665	—
Senior notes (mature in 2015)	*2(b)(ii)/29*	*1,849,885*	*1,928,806*
Other payables and accruals	26	176,197	140,642
Amount due to a subsidiary	15	3,258	—
		2,579,005	2,069,448
Net current liabilities		(2,355,719)	(1,841,076)
Total assets less current liabilities		2,016,481	1,995,807
Non-current liabilities			
Convertible bonds	28	—	552,209
NET ASSETS		2,016,481	1,443,598
CAPITAL AND RESERVES	32		
Share capital		215,185	179,637
Reserves		1,801,296	1,263,961
TOTAL EQUITY		2,016,481	1,443,598

Approved and authorised for issue by the board of directors on 29 March 2012.

Wu Po Sum	**Wang Tianye**
Executive Director	*Executive Director*

The above statement should be read in conjunction with accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2011

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company											
	Note	Share capital (Note 32(a)) RMB'000	Share premium (Note 32(b)(i)) RMB'000	Statutory reserve fund (Note 32(b)(ii)) RMB'000	Other capital reserve (Note 32(b)(iii)) RMB'000	Exchange reserve (Note 32(b)(iv)) RMB'000	Share-based compensation reserve (Note 32(b)(v)) RMB'000	Equity component of convertible bonds (Note 28) RMB'000	Warrant reserve (Note 28) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2011		179,637	1,076,820	470,517	824,020	6,571	22,090	43,166	11,906	861,091	3,495,818	275,866	3,771,684
Changes in equity for 2011:													
Profit for the year		–	–	–	–	–	–	–	–	667,995	667,995	74,935	742,930
Other comprehensive income		–	–	–	–	58,234	–	–	–	–	58,234	690	58,924
Total comprehensive income		–	–	–	–	58,234	–	–	–	667,995	726,229	75,625	801,854
Dividend declared and paid	32(c)(ii)	–	–	–	–	–	–	–	–	(162,615)	(162,615)	–	(162,615)
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(21,500)	(21,500)
Appropriation to statutory reserve fund		–	–	157,159	–	–	–	–	–	(157,159)	–	–	–
Issue of new shares upon rights issue	32(a)(ii)	35,548	560,939	–	–	–	–	–	–	–	596,487	–	596,487
Capital contribution from non-controlling interests		–	–	–	2,307	–	–	–	–	–	2,307	98,893	101,200
Equity settled share-based payment		–	–	–	–	–	6,060	–	–	–	6,060	–	6,060
Acquisition of additional interest in subsidiaries	37(b)	–	–	–	(21,798)	–	–	–	–	–	(21,798)	(202)	(22,000)
Acquisition of a subsidiary	37(a)	–	–	–	–	–	–	–	–	–	–	20,000	20,000
Disposal of a subsidiary	17	–	–	–	–	–	–	–	–	–	–	(49,418)	(49,418)
		35,548	560,939	157,159	(19,491)	–	6,060	–	–	(319,774)	420,441	47,773	468,214
Balance at 31 December 2011		215,185	1,637,759	627,676	804,529	64,805	28,150	43,166	11,906	1,209,312	4,642,488	399,264	5,041,752

Consolidated Statement of Changes in Equity *(Continued)*

for the year ended 31 December 2011

(Expressed in Renminbi)

	Note	Share capital (Note 32(a)) RMB'000	Share premium (Note 32(b)(i)) RMB'000	Statutory reserve fund (Note 32(b)(ii)) RMB'000	Other capital reserve (Note 32(b)(iii)) RMB'000	Exchange reserve (Note 32(b)(iv)) RMB'000	Share-based compensation reserve (Note 32(b)(v)) RMB'000	Equity component of convertible bonds (Note 28) RMB'000	Warrant reserve (Note 28) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to equity shareholders of the Company											
Balance at 1 January 2010		179,637	1,076,820	322,814	913,502	(20,295)	14,947	43,166	11,906	581,860	3,124,357	195,336	3,319,693
Change in equity for 2010:													
Profit for the year		–	–	–	–	–	–	–	–	544,887	544,887	35,172	580,059
Other comprehensive income		–	–	–	–	26,866	–	–	–	–	26,866	1,227	28,093
Total comprehensive income		–	–	–	–	26,866	–	–	–	544,887	571,753	36,399	608,152
Dividend declared and paid	32(c)(ii)	–	–	–	–	–	–	–	–	(117,953)	(117,953)	–	(117,953)
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(24,007)	(24,007)
Appropriation to statutory reserve fund		–	–	147,703	–	–	–	–	–	(147,703)	–	–	–
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	–	–	46,000	46,000
Equity settled share-based payment		–	–	–	–	–	7,143	–	–	–	7,143	–	7,143
Acquisition of additional interest in subsidiaries		–	–	–	(89,482)	–	–	–	–	–	(89,482)	(46,797)	(136,279)
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	68,935	68,935
		–	–	147,703	(89,482)	–	7,143	–	–	(265,656)	(200,292)	44,131	(156,161)
Balance at 31 December 2010		179,637	1,076,820	470,517	824,020	6,571	22,090	43,166	11,906	861,091	3,495,818	275,866	3,771,684

The above statement should be read in conjunction with accompanying notes.

Consolidated Cash Flow Statement

for the year ended 31 December 2011

(Expressed in Renminbi)

	Note	2011 RMB'000	2010 RMB'000
Operating activities			
Profit before taxation		**1,817,750**	1,095,486
Adjustments for:			
Net exchange gain		**(47,406)**	—
Interest income		**(69,251)**	(31,999)
Depreciation and amortisation		**22,119**	15,111
Equity settled share-based payment expenses		**6,060**	7,143
Dividend income from unlisted equity securities		**(2,078)**	(1,307)
Net increase in fair value of investment properties		**(1,900)**	(3,673)
Net gain on disposals of property, plant and equipment		**(3,091)**	(443)
Share of losses of associates		**4,162**	2,224
Share of losses of jointly controlled entities		**7,277**	3,904
Finance costs		**375,059**	122,853
Net realised and unrealised loss/(gain) on trading securities		**67,070**	(6,869)
Gain on disposal of a subsidiary		**—**	(1,351)
Operating profit before changes in working capital		**2,175,771**	1,201,079
Increase in properties for sale		**(941,720)**	(1,131,401)
Decrease/(increase) in trade and other receivables		**1,835,763**	(32,689)
(Increase)/decrease in deposits and prepayments		**(2,717,742)**	198,571
Increase in restricted bank deposits		**(116,487)**	(89,387)
Increase in trade and other payables and accruals		**1,143,541**	394,820
(Decrease)/increase in receipts in advance		**(355,514)**	1,684,491
Cash generated from operations carried forward		**1,023,612**	2,225,484

Consolidated Cash Flow Statement *(Continued)*

for the year ended 31 December 2011

(Expressed in Renminbi)

	Note	2011 RMB'000	2010 RMB'000
Cash generated from operations brought forward		**1,023,612**	2,225,484
PRC tax paid		**(680,401)**	(412,732)
Net cash generated from operating activities		**343,211**	1,812,752
Investing activities			
Payment for purchase of property, plant and equipment		**(456,843)**	(212,939)
Proceeds from disposals of property, plant and equipment		**6,034**	709
Payment for purchase of trading securities		**(200,000)**	(156,592)
Proceeds from disposal of trading securities		**216,045**	—
Acquisition of additional interest in subsidiaries	37(b)	**(22,000)**	(136,279)
Payment for capital injection in jointly controlled entities		**(1,018,401)**	(738,724)
Net cash outflow upon deemed disposals of subsidiaries	17	**(2,444)**	(11,494)
Payment for purchase of other financial assets		**(26,000)**	(56,000)
Acquisition of an associate		**—**	(4,500)
Net cash paid upon acquisitions of subsidiaries	37(a)	**(69,367)**	(287,864)
Net cash received upon disposal of a subsidiary		**—**	257
Advances to associates		**(13,000)**	(19,090)
Repayment from/(advances to) jointly controlled entities		**633,052**	(1,105,509)
Dividend received from unlisted equity securities		**2,078**	1,307
Dividend received from jointly controlled entities		**18,870**	—
Interest received		**69,251**	31,999
Net cash used in investing activities		**(862,725)**	(2,694,719)

Consolidated Cash Flow Statement *(Continued)*

for the year ended 31 December 2011

(Expressed in Renminbi)

	Note	2011 RMB'000	2010 RMB'000
Financing activities			
Proceeds from new bank loans		**1,237,114**	1,248,762
Repayment of bank loans		**(1,526,729)**	(1,045,303)
Proceeds from new other loans		**1,947,600**	930,470
Repayment of other loans		**(1,212,310)**	(781,110)
Net proceeds from issue of new shares upon rights issue		**596,487**	—
Net proceeds from senior notes		**—**	1,971,809
Interest paid		**(554,436)**	(303,139)
Dividend paid		**(162,615)**	(117,953)
Dividend paid to non-controlling interests		**(21,500)**	(24,007)
Capital contribution from non-controlling interests		**101,200**	46,000
Net cash generated from financing activities		**404,811**	1,925,529
Net (decrease)/increase in cash and cash equivalents		**(114,703)**	1,043,562
Cash and cash equivalents at 1 January		**3,370,335**	2,364,987
Effect of foreign exchange rate changes		**(104)**	(38,214)
Cash and cash equivalents at 31 December		**3,255,528**	3,370,335

The above statement should be read in conjunction with accompanying notes.

Notes to the Financial Statements

(Expressed in Renminbi)

1 GENERAL

Central China Real Estate Limited ("the Company") was incorporated in the Cayman Islands on 15 November 2007 and registered as an exempted company with limited liability under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its principal place of business is at Room 7701B–7702A, 77th Floor, International Commence Centre, 1 Austin Road West, Kowloon, Hong Kong and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principle activity of the Company is investment holding and its subsidiaries are principally engaged in property development in Henan Province in the People's Republic of China ("the PRC").

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs 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 these financial statements.

(b) Basis of preparation of the financial statements

(i) The consolidated financial statements for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates and jointly controlled entities. The consolidated financial statements are presented in Renminbi ("RMB") rounded to the nearest thousand.

(ii) The liability component of senior notes of RMB1,849,885,000 (2010: RMB1,928,806,000) has been re-classified as a current liability at the end of reporting periods, following the breach of certain covenants of the senior notes. More details are set out in note 29(a).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

(iii) The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— investment property (see note 2(g));

— financial instruments classified as trading securities (see note 2(e)); and

— derivative financial instruments (see note 2(f)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the future period are discussed in note 38.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Subsidiaries and non-controlling interests (Continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(p) or (q) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity (see note 2(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)).

(d) Associates and jointly controlled entities

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(j)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates and jointly controlled entities (Continued)

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate or joint control over a jointly controlled entity, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised in fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(e)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 2(d)).

(e) Other investments in equity securities

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends earned on these investments as these are recognised in accordance with the policies set out in note 2(v)(v).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(j)).

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(f) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(g) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment properties (Continued)

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(v)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(i)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(i).

(h) Property, plant and equipment

(i) Property, plant and equipment

The following items of property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(j)):

— buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 2(i)); and

— other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(x)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over the estimated useful lives as follows:

— Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 30 years after the date of completion

— Furniture, fixtures and equipment 5 to 10 years

— Motor vehicles 5 years

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment (Continued)

(i) Property, plant and equipment (Continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(ii) Construction in progress

Construction in progress is stated at cost less impairment losses (see note 2(j)). Cost comprises direct costs of construction during the year of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are substantially complete, notwithstanding any delays in the issue of the relevant completion certificates by the relevant PRC authorities.

No depreciation is provided in respect of construction in progress until it is substantially complete and ready for its intended use.

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific assets or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(g)); and

— land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Leased assets (Continued)

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(g)) or properties for sale (see note 2(k)).

(j) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities (other than investments in subsidiaries: (see note 2(j)(ii)) and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For investments in associates and jointly controlled entities recognised using the equity method (see note 2(d)), the impairment loss is measured by comparing the receivable amount of the investment as a whole with its carrying amount in accordance with note 2(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(j)(ii).

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment of assets (Continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— pre-paid interests in leasehold land classified as being held under an operating lease; and

— investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment of assets (Continued)

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(j)(i) and (ii)).

Impairment losses recognised in an interim period in respect of unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(k) Properties for sale

Properties for sale are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

(i) Properties held for future development and under development for sale

The cost of properties held for future development and properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, and an appropriate proportion of overheads and borrowing costs capitalised (see note 2(x)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

(ii) Completed properties held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the properties to their present location and condition.

(l) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of our asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 2(v)(iii). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Construction contracts (Continued)

Construction contracts in progress at the end of the reporting period are recorded in the statement of financial position at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the statement of financial position as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as liability), as applicable. Progress billings not yet paid by the customer are included in the statement of financial position under "Trade and other receivables". Amounts received before the related work is performed are included in the statement of financial position, as a liability, as "Receipts in advance".

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less allowance for impairment of doubtful debts (see note 2(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(n) Convertible bonds with detachable warrants

Convertible bonds of the Company are issued with detachable warrants. Where the convertible bonds can be converted to equity share capital at the option of the holder and the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, and where the warrants issued by the Company will be settled by exchange of the warrants and fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments, convertible bonds with detachable warrants are accounted for as compound financial instruments, which contain a liability component and an equity component. The early redemption options embedded to the convertible bonds with detachable warrants are separately accounted for as derivative financial instruments in accordance with the accounting policy set out in note 2(f).

At initial recognition, the derivative financial instruments embedded to the convertible bonds with detachable warrants is measured at fair value. The liability component is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option and warrants. Any excess of proceeds over the amount initially recognised as liability component and derivative financial instruments is recognised as the equity component.

Transaction costs that relate to the issue of the convertible bonds with detachable warrants, are allocated to the liability component and equity component and derivative financial instruments in proportion to allocation of proceeds. The portion of the transaction costs relating to the liability component and equity component is recognised initially as part of the liability and equity respectively. The portion relating to the derivative component is recognised immediately in profit or loss.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the bonds are converted or redeemed. The derivative financial instruments is subsequently remeasured in accordance with note 2(f).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Convertible bonds with detachable warrants (Continued)

If the bonds are converted, the respective capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bonds are redeemed, the respective capital reserve is released directly to retained profits. If the warrants are exercised, the respective capital reserve, together with the proceeds received at the time of exercise, is transferred to share capital and share premium as consideration for the shares issued. If the warrants are not exercised upon expiry, the respective capital reserve is released directly to retained profits.

(o) Senior notes

Senior notes of the Company are issued with early redemption clause at the option of the Company.

At initial recognition the redemption option is measured at fair value and presented as derivative financial instruments (see note 2(f)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issue of the senior notes are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with note 2(f). The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payables, using the effective interest method.

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(u)(i), trade and other payable are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC and the Hong Kong Mandatory Provident Fund Schemes Ordinance are expensed in the period in which they are incurred, except to the extent that they are included in properties under development for sale and investment properties under development not yet recognised as an expense.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial (Cox, Ross, Rubinstein) model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    — the same taxable entity; or

    — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(u)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties held for sale is recognised upon the later of signing of the sale and purchase agreement and the completion of the properties, which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer, and collectability of the related receivable is reasonably assured. Revenue from sales of properties with a repurchase clause is recognised when the Group no longer has the obligation to repurchase the properties. Revenue from sales of properties excludes business tax or other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under "Receipts in advance".

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned. Revenue from operating leases excludes business tax or other sales related taxes.

(iii) Contract revenue

When the outcome of a construction contract can be estimated reliably, revenue from a cost plus contract is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total contract costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Contract revenue excludes business tax or other sales related taxes.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Revenue recognition (Continued)

(v) Dividend income

— Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

— Dividend income from listed investments is recognised when the share price of the time investment goes ex-dividend.

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised on profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

— HKAS 24 (revised 2009), *Related party disclosures*

— Improvements to HKFRSs (2010)

— HK(IFRIC) 19, *Extinguishing financial liabilities with equity instruments*

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

HK(IFRIC) 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The impacts of other developments are discussed below:

— HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

— *Improvements to HKFRSs (2010)* omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, *Financial instruments: Disclosures*. The disclosures about the Group's financial instruments in notes 28, 29 and 33 have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

4 TURNOVER

The principal activities of the Group are property development, property leasing and construction.

Turnover represents income from sales of properties, rental income and revenue from construction contracts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2011	2010
	RMB'000	*RMB'000*
Income from sales of properties	**6,607,504**	4,391,722
Rental income	**23,629**	25,143
Revenue from construction contracts	**7,221**	99,486
	6,638,354	4,516,351

The Group's customer base is diversified and none of the customers of the Group with whom transactions have exceeded 10% of the Group's revenue.

5 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	2011	2010
	RMB'000	*RMB'000*
Other revenue		
Interest income	**69,251**	31,999
Dividend income from unlisted equity securities	**2,078**	1,307
Others	**90**	50
	71,419	33,356

5 OTHER REVENUE AND OTHER NET (LOSS)/INCOME (Continued)

	2011 RMB'000	2010 RMB'000
Other net (loss)/income		
Net gain on disposals of property, plant and equipment	3,091	443
Gain on disposal of a subsidiary	—	1,351
Net exchange gain	47,406	18,869
Net realised and unrealised (loss)/gain on trading securities	(67,070)	6,869
	(16,573)	27,532

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2011 RMB'000	2010 RMB'000
(a) Finance costs		
Interest on bank loans	91,920	113,323
Interest on other loans	108,641	95,917
Interest on convertible bonds *(note 11(b)(i))*	53,617	53,984
Interest on senior notes	243,081	48,917
Interest on advances from customers	—	5,297
Other ancillary borrowing costs	5,691	7,391
	502,950	324,829
Less: Borrowing costs capitalised *	(207,137)	(190,424)
	295,813	134,405
Net change in fair value of derivatives embedded to convertible bonds *(notes 11(b)(i) and 28)*	76,977	(9,480)
Net change in fair value of derivatives embedded to senior notes *(note 29)*	2,269	(2,072)
	375,059	122,853

* Borrowing costs have been capitalised at a rate of 5.12%–14.00% (2010: 1.29%–14.00%) per annum.

6 PROFIT BEFORE TAXATION (Continued)

	2011 *RMB'000*	2010 *RMB'000*
(b) Staff costs		
Salaries, wages and other benefits	**198,903**	134,231
Including:		
— Retirement scheme contributions	**12,063**	7,353
— Equity settled share-based payment expenses *(note 32(b))*	**6,060**	7,143

Employees of the Company's subsidiaries in the PRC ("PRC subsidiaries") are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government. The PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also maintains a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The Group's and employee's contributions to the MPF Scheme are based on 5% of the relevant income of the relevant employee (up to a cap of monthly relevant income of HK$20,000) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

	2011 *RMB'000*	2010 *RMB'000*
(c) Other items		
Depreciation and amortisation	**22,119**	15,111
Reversal of impairment loss on other receivables	**—**	(4,182)
Auditors' remuneration	**3,980**	3,065
Cost of properties sold	**4,055,662**	2,876,932
Operating lease charges in respect of properties	**3,992**	2,395
Rentals receivable less direct outgoings of RMB1,429,000 (2010: RMB2,050,000)	**(22,200)**	(23,093)

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2011 RMB'000	2010 RMB'000
Current tax		
PRC Corporate Income Tax	555,975	274,890
PRC Land Appreciation Tax	579,176	226,798
Withholding tax	33,545	27,689
	1,168,696	529,377
Deferred tax		
Revaluation of properties	144	(12,380)
Land Appreciation Tax	(93,310)	1,037
Other temporary differences	(710)	(2,607)
	(93,876)	(13,950)
	1,074,820	515,427

(i) Pursuant to the rule and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

(ii) No Hong Kong Profits Tax has been provided for as the Group has no estimated assessable profits in Hong Kong.

(iii) PRC Corporate Income Tax ("CIT")

The provision for CIT is based on the respective applicable rates on the estimated assessable profits of the PRC subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC.

PRC subsidiaries were charged at a rate of 25% (2010: 25%) on the estimated assessable profits for the year.

For the year ended 31 December 2010, certain PRC subsidiaries were subject to CIT calculated based on the deemed profit which represents 10% to 15% of their revenue in accordance with the authorised taxation method (核定徵收) pursuant to the applicable PRC tax regulations. The tax rate was 25% on the deemed profit. None of the PRC subsidiaries were subject to authorised taxation method on CIT for the current year.

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(a) Taxation in the consolidated income statement represents: (Continued)

(iv) Land Appreciation Tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items. Certain PRC subsidiaries were subject to LAT which is calculated based on 1.5% to 4.5% (2010: 1.5% to 4.5%) of their revenue in accordance with the authorised taxation method.

(v) Withholding tax

Withholding taxes are levied on the Company's subsidiaries in Hong Kong ("Hong Kong subsidiaries") in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008 and interest on inter-company balance received by Hong Kong subsidiaries from PRC subsidiaries ranged from 5% to 12%.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2011 *RMB'000*	2010 *RMB'000*
Profit before taxation	1,817,750	1,095,486
Notional tax on profit before taxation calculated at 25%	454,437	273,872
Difference in tax rates for certain subsidiaries	32,386	14,012
Tax effect of non-taxable revenue	(8,249)	(7,722)
Tax effect of non-deductible expenses	123,197	39,385
Tax effect of unused tax losses not recognised	12,953	12,726
Utilisation of tax loss not recognised in prior years	(7,831)	(5,318)
Tax effect of adopting authorised taxation method	—	(9,315)
Withholding tax	33,545	27,689
LAT	579,176	226,798
Tax effect of LAT	(144,794)	(56,700)
Income tax expense	1,074,820	515,427

8 DIRECTORS' REMUNERATION

Details of directors' remuneration are set out as follows:

2011

	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Share-based payments *(Note 30)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Wu Po Sum	—	3,958	10	—	563	4,531
Wang Tianye	—	3,442	10	2,684	425	6,561
Yan Yingchun	—	994	10	331	389	1,724
Non-executive directors						
Lim Ming Yan	83	—	—	—	89	172
Leow Juan Thong Jason	83	—	—	—	54	137
Wallis Wu (alias Li Hua)	215	—	10	—	—	225
Hu Yongmin	—	—	—	—	—	—
Independent non-executive directors						
Cheung Shek Lun	199	—	—	—	—	199
Wang Shi	199	—	—	—	—	199
Xin Luolin	199	—	—	—	—	199
Total	978	8,394	40	3,015	1,520	13,947

8 DIRECTORS' REMUNERATION (Continued)

2010

	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Share-based payments *(Note 30)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Wu Po Sum	—	3,382	11	—	1,365	4,758
Wang Tianye	—	2,900	11	3,174	730	6,815
Yan Yingchun	—	919	11	—	565	1,495
Non-executive directors						
Lim Ming Yan	87	—	—	—	412	499
Leow Juan Thong Jason	87	—	—	—	248	335
Wallis Wu (alias Li Hua)	225	—	11	—	—	236
Hu Yongmin	—	—	—	—	—	—
Independent non-executive directors						
Cheung Shek Lun	208	—	—	—	—	208
Wang Shi	210	—	—	—	—	210
Xin Luolin	173	—	—	—	—	173
Total	990	7,201	44	3,174	3,320	14,729

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office for the current or prior years. No director has waived or agreed to waive any emoluments for the current or prior years.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2010: three) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining two (2010: two) individuals are as follows:

	2011 *RMB'000*	2010 *RMB'000*
Salaries, allowances and benefits in kind	2,342	1,962
Discretionary bonuses	1,292	1,489
Share-based payments	681	453
Retirement scheme contributions	10	44
	4,325	3,948

The emoluments of these two (2010: two) individuals with the highest emoluments are within the following bands:

	2011	2010
RMB1,000,001 to RMB1,500,000	1	1
RMB1,500,001 to RMB2,000,000	—	—
RMB2,000,001 to RMB2,500,000	—	1
RMB2,500,001 to RMB3,000,000	1	—

10 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of RMB204,987,000 (2010: RMB157,376,000) which has been dealt with in the financial statements of the Company.

Details of dividends paid and payable to equity shareholders of the Company are set out in note 32(c).

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB667,995,000 (2010: RMB544,887,000) and the weighted average number of 2,243,855,342 ordinary shares (2010: 2,050,400,000 shares after adjusting for the rights issue during the year ended 31 December 2011) in issued during the year, calculated as follows:

	2011	2010
	'000	*'000*
Issued ordinary shares 1 January	**2,000,000**	2,000,000
Shares issued in respect of rights issue/adjustment for rights issue	**243,855**	50,400
Weighted average number of ordinary shares	**2,243,855**	2,050,400

(b) Diluted earnings per share

The Company's share options, warrants and convertible bonds as at 31 December 2011 do not give rise to any dilution effect to the earnings per share.

For the year ended 31 December 2010, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholder of the Company of RMB589,391,000 and the weighted average number of ordinary shares of 2,303,392,903 shares, calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2010
	RMB'000
Profit attributable to equity shareholders	544,887
After tax effect of effective interest on the liability component of convertible bonds *(note 6(a))*	53,984
After tax effect of gain recognised on derivatives embedded to convertible bonds *(note 6(a))*	(9,480)
Profit attributable to equity shareholders (diluted)	589,391

11 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share (Continued)

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

	2010
	'000
Weighted average number of ordinary shares at 31 December	2,050,400
Effect of conversion of convertible bonds	252,993
Weighted average number of ordinary shares at 31 December (diluted) after adjusting for the rights issue during the year ended 31 December 2011	2,303,393

The Company's share options and warrants as at 31 December 2010 do not give rise to any dilution effect to the earnings per share.

12 SEGMENT REPORTING

Services from which reportable segments derive their revenue

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on property development. Resources are allocated based on what is beneficial for the Group in enhancing its property development activities as a whole rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of HKFRS 8.

Turnover from major services

The Group's turnover from its major services is set out in note 4 to the financial statements.

Geographical information

No geographical information is shown as the turnover and profit from operations of the Group is substantially derived from activities in Henan Province in the PRC.

13 PROPERTY, PLANT AND EQUIPMENT

The Group

2011

	Interests in leasehold land held for own use under operating lease RMB'000	Buildings RMB'000	Construction in progress RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost:						
At 1 January 2011	192,705	165,269	187,729	27,159	17,633	590,495
Additions	—	256	440,170	10,579	5,357	456,362
Disposals	—	(2,345)	—	(3,000)	(1,002)	(6,347)
Transfer	—	141,365	(141,365)	—	—	—
Acquisition of subsidiaries	—	—	—	156	325	481
At 31 December 2011	192,705	304,545	486,534	34,894	22,313	1,040,991
Accumulated depreciation and amortisation:						
At 1 January 2011	6,627	48,022	—	11,925	10,653	77,227
Charge for the year	4,626	9,423	—	5,461	2,500	22,010
Written back on disposals	—	(173)	—	(2,810)	(793)	(3,776)
Acquisition of subsidiaries	—	—	—	33	76	109
At 31 December 2011	11,253	57,272	—	14,609	12,436	95,570
Net book value:						
At 31 December 2011	181,452	247,273	486,534	20,285	9,877	945,421

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group (Continued)

2010

	Interests in leasehold land held for own use under operating lease *RMB'000*	Buildings *RMB'000*	Construction in progress *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2010	46,738	115,351	108,980	21,513	15,608	308,190
Additions	112,843	—	90,254	6,757	3,125	212,979
Disposals	—	—	—	(1,111)	(1,100)	(2,211)
Transfer	—	11,505	(11,505)	—	—	—
Transfer from properties for sale	33,124	38,413	—	—	—	71,537
At 31 December 2010	192,705	165,269	187,729	27,159	17,633	590,495
Accumulated depreciation and amortisation:						
At 1 January 2010	4,622	41,163	—	8,812	9,430	64,027
Charge for the year	2,005	6,859	—	4,132	2,115	15,111
Written back on disposals	—	—	—	(1,019)	(892)	(1,911)
At 31 December 2010	6,627	48,022	—	11,925	10,653	77,227
Net book value:						
At 31 December 2010	186,078	117,247	187,729	15,234	6,980	513,268

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

The analysis of carrying value of leasehold land is set out as follows:

	2011	2010
	RMB'000	*RMB'000*
Long leases	**24,069**	24,597
Medium-term leases	**157,383**	161,481
	181,452	186,078

All the leasehold land of the Group are located in the PRC.

None of the Group's property, plant and equipment (2010: with carrying value of RMB106,997,000) were pledged as securities of the Group's other loans. Details are set out in note 25.

14 INVESTMENT PROPERTIES

The Group

	Completed RMB'000	Under development RMB'000	Total RMB'000
At 1 January 2010	251,500	12,900	264,400
Surplus on revaluation	3,673	—	3,673
Transfer	12,900	(12,900)	—
Transfer from properties for sale	8,827	—	8,827
At 31 December 2010	276,900	—	276,900
Representing:			
Valuation — 2010	276,900	—	276,900
At 1 January 2011	**276,900**	**—**	**276,900**
Surplus on revaluation	**1,900**	**—**	**1,900**
At 31 December 2011	**278,800**	**—**	**278,800**
Representing:			
Valuation — 2011	**278,800**	**—**	**278,800**

(a) Basis of valuation of investment properties

All investment properties of the Group were revalued as at 31 December 2011 by an independent firm of surveyors, Savills Valuation and Professional Services Limited, who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued on an open market value basis calculated by reference to net rental income allowance for reversionary income potential.

14 INVESTMENT PROPERTIES (Continued)

The Group (Continued)

(b) The analysis of fair value of investment is set out as follows:

	The Group	
	2011 *RMB'000*	2010 *RMB'000*
In PRC		
— long leases	**191,100**	189,500
— medium-term leases	**87,700**	87,400
	278,800	276,900

The Group's investment properties with fair value of RMB106,200,000 (2010: RMBNil) were pledged as securities for the Group's other loans. Details are set out in note 25.

(c) Investment properties leased out under operating leases

The Group leases out its investment properties under operating leases. The leases typically run for an initial period of one to ten years, with an option to renew the lease after that date at which time all terms are renegotiated.

The Group's total future minimum lease income under non-cancellable operating leases are receivable as follows:

	The Group	
	2011 *RMB'000*	2010 *RMB'000*
Within 1 year	**9,676**	1,536
After 1 year but within 5 years	**45,612**	6,384
After 5 years	**28,406**	207
	83,694	8,127

15 INTEREST IN SUBSIDIARIES

	The Company	
	2011 *RMB'000*	2010 *RMB'000*
Unlisted shares, at cost	**135,135**	135,135
Amounts due from subsidiaries *(note (a))*	**4,237,065**	3,701,748
	4,372,200	3,836,883
Amounts due to a subsidiary *(note (b))*	**3,258**	—

Notes:

(a) Amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered after more than one year.

(b) Amount due to a subsidiary is unsecured, interest-free and repayable on demand.

(Expressed in Renminbi)

15 INTEREST IN SUBSIDIARIES (Continued)

The following list contains only the particulars of subsidiaries which principally affect the results, assets or liabilities of the Group.

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities	Legal form
Ahead Properties Limited	Hong Kong	HK$1	—	100%	Investment holding	Limited liability company
Anyang Central China Real Estate Company Limited*	Henan, the PRC	RMB10,000,000	—	100%	Property development	Wholly owned foreign enterprise
Artstar Investments Limited*	The British Virgin Islands and Hong Kong	US$10,000	—	95%	Investment holding	Private company
Bumper Up Limited	The British Virgin Islands and Hong Kong	US$1	—	100%	Investment holding	Limited liability company
Central China Forest Peninsula (Henan) Real Estate Company Limited*	Henan, the PRC	RMB30,000,000	—	100%	Property development	Limited liability company
Central China Forest Peninsula (Kaifeng) Real Estate Company Limited*	Henan, the PRC	RMB60,000,000	—	60%	Property development	Limited liability company
Central China Hotel Investments & Management (Zhengzhou) Company Limited*	Henan, the PRC	RMB10,000,000	—	100%	Hotel management	Limited liability company
Central China New Land (Henan) Real Estate Company Limited*	Henan, the PRC	RMB20,000,000	—	55%	Property development	Limited liability company
Central China Properties Development Limited	Hong Kong	HK$1	—	100%	Inactive	Private company
Central China Premier Service (Zhengzhou) Company Limited*	Henan, the PRC	RMB30,000,000	—	100%	Wine trading	Limited liability company
Central China Real Estate Gold Dragon Company Limited*	Henan, the PRC	RMB100,000,000	—	100%	Property development	Limited liability company
Central China Real Estate Group (Sanmenxia) Company Limited*	Henan, the PRC	RMB30,000,000	—	100%	Property development	Limited liability company

(Expressed in Renminbi)

15 INTEREST IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities	Legal form
Central China Real Estate Xinxiang Jili Company Limited*	Henan, the PRC	RMB60,000,000	—	60%	Property development	Limited liability company
Central China Real Estate Group Jiaozuo Company Limited*	Henan, the PRC	RMB10,000,000	—	100%	Property development	Limited liability company
Central China Real Estate (Luoyang) Company Limited*	Henan, the PRC	RMB673,000,000	—	100%	Property development	Wholly owned foreign enterprise
Central China Nanyang Hotel Company Limited*	Henan, the PRC	RMB30,000,000	—	100%	Property development	Limited liability company
Central China Real Estate Wugang Company Limited*	Henan, the PRC	RMB100,000,000	—	100%	Property development	Limited liability company
Central China Real Estate (Zhengzhou) Company Limited*	Henan, the PRC	RMB10,000,000	—	100%	Property development	Limited liability company
Central China Real Estate Group (China) Company Limited*	Henan, the PRC	RMB2,360,000,000	—	100%	Property development	Wholly owned foreign enterprise
Central China Real Estate He Bi Co. Ltd.*	Henan, the PRC	RMB30,000,000	—	100%	Property development	Limited liability company
Central China Real Estate Holdings Limited	The British Virgin Islands and Hong Kong	US$13,289	—	100%	Investments holding	Private company
Central China Real Estate Investments Limited	Hong Kong	HK$1	—	100%	Investments holding	Private company
Central China Triumph Real Estate (Luoyang) Company Limited*	Henan, the PRC	RMB20,000,000	—	100%	Property development	Limited liability company
Construction Premier Service Limited	Hong Kong	HK$1	—	100%	Inactive	Private company
Country Star Holdings Limited	Hong Kong	HK$1	—	95%	Investments holding	Private company

(Expressed in Renminbi)

15 INTEREST IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
Henan Central China Commercial Properties Management Company Limited*	Henan, the PRC	RMB80,000,000	—	100%	Consulting property investment, leasing and management	Limited liability company
Henan Central China Heating Supply Company Limited*	Henan, the PRC	RMB15,000,000	—	100%	Provision of heating and hot water	Limited liability company
Henan Central China Real Estate Company Limited* *(note (a))*	Henan, the PRC	RMB390,000,000	—	100%	Property development	Limited liability company
Henan Central China Sun City Real Estate Company Limited*	Henan, the PRC	RMB120,100,000	—	100%	Property development	Limited liability company
Henan Central China Yaxing Real Estate Company Limited*	Henan, the PRC	RMB10,000,000	—	51%	Property development	Limited liability company
Henan Coal Chemical Central China Real Estate Development Investment Company Limited*	Henan, the PRC	RMB 100,000,000	—	100%	Property development	Limited liability company
Henan Central China Zhizun Hotel Company Limited*	Henan, the PRC	RMB2,000,000	—	100%	Hotel operation	Limited liability company
Henan Central China Kanghui Real Estate Company Limited*	Henan, the PRC	RMB100,000,000	—	60%	Property development	Limited liability company
Henan Jianzheng Property Development Company Limited*	Henan, the PRC	RMB20,000,000	—	100%	Property development	Limited liability company
Henan Yuanda Company Limited*	Henan, the PRC	RMB47,877,400	—	100%	Property development	Limited liability company
Henan St. Andrews Real Estate Company Limited*	Henan, the PRC	RMB8,000,000	—	60%	Property development	Limited liability company
Henan Shengtai Real Estate Company Limited*	Henan, the PRC	RMB20,000,000	—	100%	Property development	Limited liability company

(Expressed in Renminbi)

15 INTEREST IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities	Legal form
Henan United Clubs Management Company Limited*	Henan, the PRC	RMB5,000,000	—	60%	Property development	Limited liability company
Henan Zhongyuan Central China City Development Company Limited*	Henan, the PRC	RMB150,000,000	—	100%	Property development	Limited liability company
Jiaozuo Central China Real Estate Company Limited*	Henan, the PRC	RMB35,000,000	—	100%	Property development	Wholly owned foreign enterprise
Jiyuan Central China Real Estate Company Limited*	Henan, the PRC	RMB30,000,000	—	100%	Property development	Limited liability company
Joy Ascend Holdings Limited*	The British Virgin Islands and Hong Kong	US$14,618	100%	—	Investments holding	Private company
Kaifeng Central China Dahong Real Estate Company Limited*	Henan, the PRC	RMB150,000,000	—	60%	Property development	Limited liability company
Kaifeng Central China Real Estate Company Limited*	Henan, the PRC	RMB60,000,000	—	80%	Property development	Limited liability company
Luohe Central China Real Estate Company Limited*	Henan, the PRC	RMB30,000,000	—	100%	Property development	Limited liability company
Luohe Central China Changjian Real Estate Company Limited*	Henan, the PRC	RMB60,000,000	—	100%	Property development	Limited liability company
Nanyang Central China Real Estate Company Limited*	Henan, the PRC	RMB10,537,000	—	100%	Property development	Wholly owned foreign enterprise
Pingdingshan Central China Real Estate Company Limited*	Henan, the PRC	RMB28,000,000	—	100%	Property development	Wholly owned foreign enterprise
Puyang Central China Real Estate Company Limited*	Henan, the PRC	RMB40,500,000	—	100%	Property development	Limited liability company
Sanmenxia Central China Real Estate Company Limited*	Henan, the PRC	RMB38,000,000	—	100%	Property development	Wholly owned foreign enterprise

(Expressed in Renminbi)

15 INTEREST IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
Shanghai Yujin Investments Consultancy Company Limited*	Henan, the PRC	RMB1,000,000	—	100%	Investment holding	Limited liability company
Shangqiu Central China Real Estate Company Limited*	Henan, the PRC	RMB10,537,000	—	100%	Property development	Wholly owned foreign enterprise
Shangqiu Jianye Huarun Zhiye Company Limited*	Henan, the PRC	RMB100,000,000	—	100%	Property development	Limited liability company
Universal Food Development (Henan) Company Limited*	Henan, the PRC	RMB4,500,000	—	100%	Property development	Limited liability company
Wugang Central China Zhizun Real Estate Company Limited*	Henan, the PRC	RMB20,000,000	—	100%	Property development	Limited liability company
Xinxiang Central China Real Estate Company Limited*	Henan, the PRC	RMB44,900,000	—	100%	Property development	Limited liability company
Xinyang Central China Tianming Real Estate Company Limited**(note(b))*	Henan, the PRC	RMB30,000,000	—	50%	Property development	Limited liability company
Xinxiang Jinlong Central China Real Estate Company Limited*	Henan, the PRC	RMB58,000,000	—	60%	Property development	Limited liability company
Xiuwu Central China Real Estate Company Limited*	Henan, the PRC	RMB10,000,000	—	100%	Property development	Limited liability company
Xuchang Central China Real Estate Company Limited*	Henan, the PRC	RMB57,000,000	—	100%	Property development	Wholly owned foreign enterprise
Xuchang Fengtai Real Estate Company Limited*	Henan, the PRC	RMB50,000,000	—	60%	Property development	Limited liability company
Xuchang Jinyue Real Estate Company Limited*	Henan, the PRC	RMB30,000,000	—	70%	Property development	Limited liability company
Xuchang One City Development Company Limited**(note (c))*	Henan, the PRC	RMB30,000,000	—	49%	Property development	Limited liability company

(Expressed in Renminbi)

15 INTEREST IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activities	Legal form
Yanling Central China Real Estate Company Limited*	Henan, the PRC	RMB10,000,000	—	60%	Travel	Limited liability company
Yanshi Yaxin Real Estate Company Limited*	Henan, the PRC	RMB50,000,000	—	60%	Property development	Limited liability company
Yuzhou New Plaza Construction & Development Company Limited*	Henan, the PRC	RMB10,000,000	—	75%	Property development	Limited liability company
Zhengzhou United New Town Real Estate Company Limited*	Henan, the PRC	RMB100,000,000	—	100%	Property development	Limited liability company
Zhengzhou Newcity Development Company Limited*	Henan, the PRC	RMB50,000,000	—	100%	Property development	Limited liability company
Zhongya Real Estate Development (Luoyang) Company Limited*	Henan, the PRC	RMB59,690,720	—	95%	Property development	Wholly owned foreign enterprise
Zhumadian Central China Real Estate Company Limited*	Henan, the PRC	RMB37,577,000	—	100%	Property development	Wholly owned foreign enterprise
Zhumadian Central China Real Estate Zhiye Company Limited*	Henan, the PRC	RMB10,000,000	—	100%	Property development	Limited liability company

* KPMG are not statutory auditors of these subsidiaries.

Notes:

(a) 48.72% interests in Henan Central China Real Estate Company Limited is registered in the name of a trust company pursuant to a trust arrangement.

(b) Xinyang Central China Tianming Real Estate Company Limited (“CCRE Xinyang”) is regarded as a subsidiary as the Group controls the board of directors of CCRE Xinyang pursuant to its articles of association.

(c) Xuchang One City Development Company Limited (“Xuchang One City”) is regarded as a subsidiary as the Group controls the board of directors of Xuchang One City pursuant to its articles of association.

(d) The English names of the PRC subsidiaries referred to above were translated by management only for the purpose of these financial statements as no English names have been registered or available.

16 INTERESTS IN ASSOCIATES

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Share of net assets	**17,585**	21,747
Amounts due from associates	**32,090**	19,090
	49,675	40,837

Amounts due from associates are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered after more than one year.

Details of the Group's interests in associates are set out as follows:

Name of company	Place of incorporation and operation	Registered capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities	Legal form
St. Andrews Golf Club (Zhengzhou) Company Limited*	Henan, the PRC	RMB69,000,000	—	40%	Provision of golf facilities	Wholly owned foreign enterprise
Henan Yushang Property Development Company Limited*	Henan, the PRC	RMB15,000,000	—	30%	Property development	Limited liability company

* KPMG are not the statutory auditors of these associates.

Note: The English names of the Group's associates in the PRC referred to above were translated by management only for the purpose of these financial statements as no English names have been registered or available.

16 INTERESTS IN ASSOCIATES (Continued)

Summary financial information on associates

	Assets *RMB'000*	Liabilities *RMB'000*	Equity *RMB'000*	Revenue *RMB'000*	Loss *RMB'000*
2011					
100 per cent	**393,640**	**345,987**	**47,653**	**16,642**	**(10,439)**
Group's effective interest	**126,418**	**108,833**	**17,585**	**6,657**	**(4,162)**
2010					
100 per cent	390,492	332,400	58,092	13,777	(5,585)
Group's effective interest	125,872	104,125	21,747	4,133	(2,224)

17 INTERESTS IN JOINTLY CONTROLLED ENTITIES

	The Group	
	2011 *RMB'000*	2010 *RMB'000*
Share of net assets	**2,171,116**	1,180,604
Amounts due from jointly controlled entities	**931,879**	1,561,556
	3,102,995	2,742,160

Amounts due from jointly controlled entities, except for an amount of RMB585,226,000 (2010: RMB90,000,000) which is interest bearing at 6.67% per annum, are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered more than one year.

(Expressed in Renminbi)

17 INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Details of the Group's interests in jointly controlled entities are set out as follows:

Name of company	Place of incorporation and operation	Registered capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities	Legal form
Central China Tihome (Henan) Real Estate Company Limited*	Henan, the PRC	RMB50,000,000	—	50%	Property development	Limited liability company
Henan United New Town Real Estate Company Limited*	Henan, the PRC	RMB652,000,000	—	74.9%	Property development	Limited liability company
Central China Real Estate Nanyang Company Limited*	Henan, the PRC	RMB579,590,000	—	51%	Property development	Limited liability company
Central China Real Estate Pingdingshan Company Limited*	Henan, the PRC	RMB310,200,000	—	51%	Property development	Limited liability company
Luohe Jianlian property Company Limited*	Henan, the PRC	RMB100,000,000	—	49%	Property development	Limited liability company
Zhengzhou Central China Tianming Property Company Limited*	Henan, the PRC	RMB1,500,000,000	—	50%	Property development	Limited liability company
Bridge Trust-CCRE Group Real Trust Investment Fund* *(note (a))*	Henan, the PRC	RMB669,387,000	—	25%	Investment holding	Trust fund
Bridge Trust-CCRE Group Real Trust Investment Fund II* *(note (b))*	Henan, the PRC	RMB1,077,600,000	—	25%	Investment holding	Trust fund

* KPMG are not the statutory auditors of these jointly controlled entities.

Notes:

(a) The Group has provided a guarantee of return of 7.5% per annum to the holders of the preferred units.

(b) The Group has provided a guarantee of return of 8.5% per annum to the holders of the preferred units.

(c) The English names of the Group's jointly controlled entities in the PRC referred to above are translated by management only for the purpose of these financial statements as no English names have been registered or available.

17 INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

During the year, the Group has entered into a trust arrangement with Bridge Trust Company Limited ("Bridge Trust"), under which Bridge Trust has established the Bridge Trust-CCRE Group Real Estate Trust Investment Fund II ("Bridge-CCRE Trust II") with the trust capital of RMB1,077,600,000 in which RMB808,200,000 (808,200,000 units) are preferred units and RMB269,400,000 (269,400,000 units) are ordinary units. The Group has subscribed for the ordinary units of RMB269,400,000 and provided a guarantee return of 8.5% per annum to the holders of the preferred units ("Preferred Unit Holders").

The Bridge-CCRE Trust II is managed by the Investment Committee. The directors are of the opinion that based on the structure of the Investment Committee, neither Bridge Trust (as an agent of the Preferred Unit Holders) nor the Group has controlling power over the Bridge-CCRE Trust II. In this regard, the directors consider that the Bridge-CCRE Trust II is jointly controlled by Bridge Trust and the Group and the ordinary units subscribed by the Group are treated as jointly controlled entities in the financial statements.

The capital on the Bridge-CCRE Trust II was initially advanced to the Group at 7.1% per annum for six months and subsequently invested in Zhengzhou Central China Tianming Property Company Limited, which was previously a 90% owned subsidiary of the Company. After the investment by the Bridge-CCRE Trust II, this company is regarded as jointly controlled entity as neither the Bridge-CCRE Trust II nor the Group has controlling power over the board of directors pursuant to the respective article of association. In addition, at 31 December 2011, the Group borrowed loans of RMB477,600,000 from Bridge-CCRE Trust II. These loans are unsecured, interest-bearing at 7.88% per annum, due within one year and recorded as "Other loans" in the financial statements.

The deemed disposal of Zhengzhou Central China Tianming Property Company Limited had the following effect on the Group's financial position.

	RMB'000
Prepayments	(1,962,067)
Properties for sale	(83,551)
Interest in a jointly controlled entity	1,998,644
Non-controlling interests	49,418
Cash and cash equivalents	(2,444)
Net cash outflow	(2,444)

17 INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Summary financial information on jointly controlled entities — Group's effective interest:

	The Group	
	2011 *RMB'000*	2010 *RMB'000*
Non-current assets	1,219,936	600,914
Current assets	3,516,032	2,063,525
Current liabilities	(1,129,685)	(981,818)
Non-current liabilities	(1,435,167)	(502,017)
	2,171,116	1,180,604
Income	321,525	23
Expenses	(328,802)	(3,927)
Loss for the year	(7,277)	(3,904)

18 OTHER FINANCIAL ASSETS

	The Group	
	2011 *RMB'000*	2010 *RMB'000*
Unlisted equity securities, at cost		
— in the PRC	97,800	71,800

The unlisted equity securities of the Group do not have quoted market price in active market and were stated at cost at 31 December 2011 and 2010.

19 TRADING SECURITIES

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Listed equity securities at fair value in Hong Kong	**74,878**	163,461

20 PROPERTIES FOR SALE

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Properties held for future development and under development for sale	**7,294,284**	5,277,502
Completed properties held for sale	**1,330,119**	1,057,203
	8,624,403	6,334,705

(a) The analysis of carrying value of leasehold land held for property development for sale is as follows:

	The Group	
	2011	2010
	RMB'000	*RMB'000*
In the PRC		
— long leases	**4,168,361**	3,117,499
— medium-term leases	**654,724**	230,722
	4,823,085	3,348,221

(b) The amount of properties for sale expected to be recovered after more than one year is analysed as follows:

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Properties held for future development and under development for sale	**4,319,034**	2,164,860

20 PROPERTIES FOR SALE (Continued)

(c) Certain of the Group's properties for sale was pledged as securities for the Group's bank and other loans. Details are set out in notes 24 and 25 respectively.

(d) The Group temporarily leased out certain completed properties held for sale under operating leases. The lease runs for an initial period of twenty years. The lease does not include any contingent rental. The Group's total future minimum lease income under non-cancellable operating leases is receivable as follows:

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Within 1 year	**11,147**	11,277
After 1 year to 5 years	**36,836**	39,416
After 5 years	**84,551**	93,118
	132,534	143,811

The directors confirm that the Group intends to sell the properties together with the respective leases.

21 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bills receivable	**—**	100	**—**	—
Trade receivables *(note (a))*	**16,961**	40,737	**—**	—
Other receivables *(note (b))*	**173,456**	203,260	**—**	—
Amounts due from related companies *(note (c))*	**39,665**	43,126	**—**	—
Loan to a related company *(note (d))*	**100,000**	—	**—**	—
Amounts due from non-controlling interests *(note (e))*	**64,900**	—	**—**	—
Loan to non-controlling interests *(note (f))*	**29,999**	—	**—**	—
Gross amount due from customers for contract work *(note (g))*	**12,951**	3,939	**—**	—
Derivative financial instruments *(notes 28 and 29)*	**3,595**	36,902	**3,595**	36,902
	441,527	328,064	**3,595**	36,902

21 TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) The ageing analysis of trade receivables, all of which are neither individually nor collectively considered to be impaired, is as follows:

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Current	**268**	30,792
Less than 1 month overdue	**166**	7,625
1 to less than 3 months overdue	**128**	156
3 to less than 6 months overdue	**128**	250
6 months to less than 1 year overdue	**2,562**	522
More than 1 year overdue	**13,709**	1,392
	16,961	40,737

The Group's credit policy is set out in note 33(b).

Based on past experience, management believes that no impairment allowance is necessary in respect of the overdue balances and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances, except for the mortgage loans receivable as set out in note 35.

(b) At 31 December 2011, included in other receivable is an amount of RMB20,000,000 (2010: RMBNil) which is unsecured, interest bearing at 13% per annum and recoverable within one year.

(c) The amounts due from related companies included an amount of RMB39,015,000 (2010: RMB42,774,000) in relation to sales of properties to a subsidiary of CapitaLand Limited, the ultimate holding company of a substantial shareholder of the Company in previous years. The amount is unsecured, interest-free and recoverable on demand. The remaining amounts due from related companies are unsecured, interest-free and have no fixed terms of repayment.

(d) The loan to a related company is secured, interest bearing at 12.25% per annum and has no fixed terms of repayment.

(e) The amounts due from non-controlling interests included an amount of RMB15,300,000 (2010: RMBNil), which is secured, interest-free and recoverable within one year, the remaining amounts due from non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

(f) The loan to non-controlling interests is unsecured, interest-bearing at 12% per annum and recoverable on demand.

(g) The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from/to customers for contract work at 31 December 2011, is RMB12,900,000 (2010: RMB3,900,000).

22 DEPOSITS AND PREPAYMENTS

At 31 December 2011, the balance included deposits and prepayments for leasehold land of RMB1,416,449,000 (2010: RMB774,093,000).

23 RESTRICTED BANK DEPOSITS

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Guarantee deposits in respect of:		
— mortgage loans related to property sale	**174,440**	163,146
— bills payable *(note 26)*	**394,423**	373,230
— bank loans *(note 24(b))*	**84,000**	—
	652,863	536,376

24 BANK LOANS

(a) At 31 December 2011, the bank loans were repayable as follows:

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Within 1 year or on demand	**1,110,660**	1,423,859
After 1 year but within 2 years	**376,000**	324,416
After 2 years but within 5 years	**140,000**	168,000
	516,000	492,416
	1,626,660	1,916,275

24 BANK LOANS (Continued)

(b) At 31 December 2011, the bank loans were secured as follows:

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Bank loans		
— secured	**1,327,000**	1,176,640
— unsecured	**299,660**	739,635
	1,626,660	1,916,275

At 31 December 2011, assets of the Group secured against bank loans are analysed as follows:

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Properties for sale	**2,429,526**	1,916,744
Restricted bank deposits *(note 23)*	**84,000**	—
	2,513,526	1,916,744

(c) The effective interest rates of bank loans of the Group at 31 December 2011 were ranged from 2.60%–9.18% (2010: 4.70%–9.18%) per annum.

(d) Certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 33(c). As at 31 December 2011 and 2010, none of the covenants relating to drawn down facilities had been breached.

25 OTHER LOANS

(a) At 31 December 2011, other loans were repayable as follows:

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Within 1 year	**1,245,470**	168,010
After 1 year but within 2 years	**107,700**	297,870
After 2 years but within 5 years	**—**	152,000
	107,700	449,870
	1,353,170	617,880

(b) At 31 December 2011, the other loans were secured as follows:

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Other loans		
— secured	**624,570**	357,880
— unsecured	**728,600**	260,000
	1,353,170	617,880

At 31 December 2011, assets of the Group secured against other loans are analysed as follows:

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Properties for sale	**394,622**	174,457
Investment properties	**106,200**	—
Property, plant and equipment	**—**	106,997
	500,822	281,454

Apart from the above, secured other loans with carrying amount of RMB25,000,000 (2010: RMB25,000,000) were pledged by future lease income of certain properties held by the Group. The expected future lease income was RMB124,877,000 (2010: RMB133,069,000) at 31 December 2011.

25 OTHER LOANS (Continued)

(c) The effective interest rates of other loans of the Group at 31 December 2011 were ranged from 6.92%–14.00% (2010: 6.38%–14.00%) per annum.

26 TRADE AND OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bills payable *(note 23)*	**394,423**	373,230	**—**	—
Trade payables *(note (a))*	**1,926,937**	980,002	**—**	—
Other payables and accruals	**846,129**	904,945	**43,238**	49,467
Amounts due to jointly controlled entities *(note (b))*	**1,587,617**	355,783	**—**	—
Amounts due to related companies *(note (b))*	**29**	32	**—**	—
Amounts due to non-controlling interests *(note (b))*	**190,501**	123,342	**—**	—
Derivative financial instruments *(note 28)*	**132,959**	91,175	**132,959**	91,175
	5,078,595	2,828,509	**176,197**	140,642

At 31 December 2011, included in trade and other payables and accruals are retention payable of RMB236,959,000 (2010: RMB198,796,000) which are expected to be settled more than one year.

Notes:

(a) An ageing analysis of trade payables are set out as follows:

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Due within 1 month or on demand	**1,689,978**	781,206
Due after 1 year	**236,959**	198,796
	1,926,937	980,002

(b) The amounts due to jointly controlled entities, related companies and non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

27 RECEIPTS IN ADVANCE

Receipts in advance represent sale proceeds received from buyers in connection with pre-sale of properties.

28 CONVERTIBLE BONDS

On 31 August 2009, the Company issued unsecured convertible bonds with principal amount of HK$765,000,000 due 2014 and 76,097,561 warrants. The convertible bonds are interest-bearing at 4.9% per annum and payable semi-annually in arrears. The maturity date of the convertible bonds is 31 August 2014. The convertible bonds can be converted to shares of the Company at HK$3.1 per share, subject to anti-dilutive adjustment, from 28 February 2010 to 31 August 2014.

Detachable from the convertible bonds, each warrant may be exercised from the date of issue up to 31 August 2014 at the exercise price of HK$4.1 per share, subject to anti-dilutive adjustment.

Both the conversion option of the convertible bonds and the warrants are classified as equity financial instruments in accordance with the accounting policy set out in note 2(n) to the financial statements.

In addition to the above, the Company may early redeem all the convertible bonds from 31 August 2012 to 31 August 2014 plus any accrued but unpaid interest thereon the redemption date, provided that the closing price of the shares of the Company for each of the thirty consecutive trading days, the last of which occurs within the five trading days prior to the date upon which the redemption notice is given by the Company, is at least 130% of the conversion price of HK$3.1 per share. If the Company early redeems the convertible bonds, a gross yield of 8% per annum on an annual compounding basis is to be guaranteed to the holders of the convertible bonds.

The holders of the convertible bonds can require the Company to early redeem all the convertible bonds at any time from 31 August 2012 to 31 August 2014 plus any accrued but unpaid interest thereon the redemption date. If the Company is required to early redeem the convertible bonds, a gross yield of 8% per annum on an annual compounding basis is to be guaranteed to the holders of the convertible bonds.

The redemption call and redemption put options are separately accounted for at fair value at the end of each reporting period as derivative financial instruments in accordance with the accounting policy set out in note 2(f) to the financial statements.

As a result of the rights issue of the Company on 28 June 2011, the conversion price of the convertible bonds and the exercise price of the warrants were adjusted to HK$2.984 and HK$3.947 respectively.

28 CONVERTIBLE BONDS (Continued)

The movements of different components of the convertible bonds/warrants are set out below:

The Group and the Company

	Liability component of the convertible bonds	Redemption call option	Redemption put option	Equity component of the convertible bonds	Warrant reserve	Total
	(Note 28(a))	*(Notes 21 and 28(b))*	*(Notes 26 and 28(c))*	*(Note 28(d))*	*(Note 28(d))*	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2010	551,288	(17,101)	85,460	43,166	11,906	674,719
Interest and transaction costs amortised	21,501	—	—	—	—	21,501
Change in fair value *(note 6(a))*	—	(18,511)	9,031	—	—	(9,480)
Exchange difference	(20,580)	1,032	(3,316)	—	—	(22,864)
At 31 December 2010	552,209	(34,580)	91,175	43,166	11,906	663,876
At 1 January 2011	**552,209**	**(34,580)**	**91,175**	**43,166**	**11,906**	**663,876**
Interest and transaction costs amortised	**22,562**	**—**	**—**	**—**	**—**	**22,562**
Change in fair value *(note 6(a))*	**—**	**30,103**	**46,874**	**—**	**—**	**76,977**
Exchange difference	**(25,106)**	**882**	**(5,090)**	**—**	**—**	**(29,314)**
At 31 December 2011	**549,665**	**(3,595)**	**132,959**	**43,166**	**11,906**	**734,101**

(a) Liability component of convertible bonds 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 9.6% per annum.

At 31 December 2011, the liability component of convertible bonds, after considering the redemption put options held by the holders of the convertible bonds, was repayable as follows:

	The Group and the Company	
	2011	2010
	RMB'000	*RMB'000*
Within one year	**549,665**	—
After one year but within two years	**—**	552,209
	549,665	552,209

(Expressed in Renminbi)

28 CONVERTIBLE BONDS (Continued)

(b) Redemption call option represents the fair value of the Company's option to early redeem all of the convertible bonds and is recorded as derivative financial instruments under "Trade and other receivables" (note 21).

(c) Redemption put option represents the fair value of the options of the holders of the convertible bonds to early redeem all of the convertible bonds and is recorded as derivative financial instruments under "Trade and other payables and accruals" (note 26).

(d) Equity component of convertible bonds and warrant reserve represent the excess of proceeds of the convertible bonds over the amount initially recognised as the liability component of convertible bonds and the redemption call and put options.

The assumptions applied in determining the fair value of the redemption call and put options at 31 December 2011 using Binomial (Coz, Ross, Rubinstein) option pricing model are set out as follows:

	2011	2010
Share price *(HK$)*	**1.55**	2.31
Expected volatility	**49%**	62%
Expected dividends	**6%**	2.9%
Risk-free interest rate	**0.48%**	1.4%
Remaining option life	**2.67 years**	3.67 years
Effective interest rate	**14%**	8.3%

29 SENIOR NOTES

On 20 October 2010, the Company issued secured senior notes with principal amount of US$300,000,000 due 2015. The senior notes are interest-bearing at 12.25% per annum and payable semi-annually in arrears. The maturity date of the senior notes is 20 October 2015. On or after 20 October 2013, the Company may at its option redeem the senior 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, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on 20 October of each of the years indicated below.

Period	**Redemption price**
2013	106.1250%
2014	103.0625%

In addition, at any time prior to 20 October 2013, the Company may at its option:

(a) redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as of, and accrued and unpaid interest, if any, to the redemption date.

(b) redeem up to 35% of the aggregate principal amount of the senior notes with the funds generated from equity offering at a redemption price of 112.5% at the principal amount of the senior notes, plus accrued and unpaid interest, if any, to the redemption date.

29 SENIOR NOTES (Continued)

The redemption options held by the Company are separately accounted for at fair value at the end of each reporting period as derivative financial instruments in accordance with the accounting policy set out in note 2(f) to the financial statements.

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

The Group and the Company

	Liability component of the senior notes *(Note 29(a))* *RMB'000*	Redemption call option *(Notes 21 and 29(b))* *RMB'000*	Total *RMB'000*
At 1 January 2010	—	—	—
Proceeds from issuance senior notes	2,024,595	(310)	2,024,285
Transaction costs	(52,484)	8	(52,476)
Net proceeds	1,972,111	(302)	1,971,809
Interest and transaction costs amortised	190	—	190
Change in fair value *(note 6(a))*	—	(2,072)	(2,072)
Exchange difference	(43,495)	52	(43,443)
At 31 December 2010	1,928,806	(2,322)	1,926,484
At 1 January 2011	**1,928,806**	**(2,322)**	**1,926,484**
Interest and transaction costs amortised	**7,875**	**—**	**7,875**
Change in fair value *(note 6(a))*	**—**	**2,269**	**2,269**
Exchange difference	**(86,796)**	**53**	**(86,743)**
At 31 December 2011	**1,849,885**	**—**	**1,849,885**

29 SENIOR NOTES (Continued)

(a) Liability component of senior 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 12.79% per annum.

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

	The Group and the Company	
	2011	2010
	RMB'000	*RMB'000*
Within one year	**1,849,885**	1,928,806

The Company had breached certain covenants ("Defaults") under the indenture of its 12.25% senior notes due 2015 ("Indenture"). The Defaults are primarily related to the transactions with Bridge Trust (see note 17) and investment in trading securities (see note 19). If the Defaults are continuing, the trustee of the senior notes ("Trustee") or the holders ("Holders") of at least 25% in aggregate principal amount of the senior notes then outstanding, may deliver a written notice of default to the Company. If the Defaults continue for 30 consecutive days after such notice, an event of default under the Indenture will occur. If such an event of default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the senior notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders) may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on the senior notes to be immediately due and payable under the Indenture. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. Notwithstanding that no such written notice or declaration has been delivered to or received by the Company, the liability component of senior notes of RMB1,849,885,000 (2010: 1,928,806,000) has been re-classified as a current liability in the financial statements at the end of reporting periods.

Pursuant to the announcement dated 7 March 2012, the Company intends to solicit consents ("Consents") from the Holders to certain proposed amendments and waivers of the Defaults (together referred to as "the Proposals"). The consent solicitations have been circularised to each of the Holders on the same date. The principal purposes of the consent solicitation are to obtain validly delivered and not validly revoked Consents from Holders of not less than a majority in aggregate principal amount of the outstanding senior notes to the Proposals.

By 5:00 p.m., 16 March 2012 (New York City Time), the Company had obtained Consents from Holders of not less that a majority in aggregate principal amount of the outstanding senior notes to the Proposals, and the maturity date of the senior notes remains unchanged as if there would have been no Default.

29 SENIOR NOTES (Continued)

(b) Redemption call option represents the fair value of the Company's option to early redeem the senior notes and is recorded as derivative financial instruments under "Trade and other receivables" (note 21).

The assumptions applied in determining the fair value of the redemption call option at 31 December 2010 and 31 December 2011 are set out as follows:

	At 31 December 2011 ***RMB'000***	At 31 December 2010 *RMB'000*
Credit spread	**16.63%**	8.16%

30 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Pre-IPO share option scheme

On 14 May 2008, the Company conditionally granted certain pre-IPO share options to the Company's directors, employees and consultants. The exercise of these share options would entitle five of the Company's directors and ninety employees and consultants of the Group to subscribe for an aggregate of 14,350,000 shares and 17,650,000 shares of the Company respectively. The exercise price is HK$2.75 per share. The pre-IPO share option scheme was effective from the listing date of the Company's share on the Stock Exchange of Hong Kong Limited, i.e. 6 June 2008. Under the pre-IPO share option scheme, no pre-IPO share options are exercisable within the first year from the listing date. Not more than 20% of the share options are exercisable with the second year from the listing date and not more than 40% of the share options are exercisable in each of the third and fourth year from the listing date. Each option gives the holders the right to subscribe for one ordinary share of the Company.

On 28 June 2011, upon the rights issue of the Company, the exercise price of pre-IPO share options was adjusted to HK$2.682 and the number of outstanding share options was adjusted from 28,150,000 to 28,859,380.

(b) Share options granted on 25 May 2010

On 25 May 2010, the Company conditionally granted certain share options to the Company's directors and employees. The exercise of these share options would entitle three of the Company's directors and seven employees of the Group to subscribe for an aggregate of 6,000,000 shares and 14,000,000 shares of the Company respectively. The exercise price is HK$1.9 per share. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share options are exercisable within the second year from the date of grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of the Company.

On 28 June 2011, upon the rights issue of the Company, the exercise price of the share options granted on 25 May 2010 was adjusted to HK$1.853 and the number of outstanding share options was adjusted from 20,000,000 to 20,504,000.

(Expressed in Renminbi)

30 EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

(c) Share options granted on 25 July 2011

On 25 July 2011, the Company conditionally granted certain share options to the Company's employees. The exercise of these share options would entitle six employees of the Group to subscribe for an aggregate of 12,500,000 shares of the Company. The exercise price is HK$2.16 per share. The share option scheme was effective from 25 July 2011. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share options are exercisable within the second year from the date of grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of the Company.

The weighted average value per share option granted during the year estimated at the date of grant using binomial (Coz, Ross, Rubinstein) model was HK$0.9. The weighted average assumptions used are as follows:

Fair value at measurement date	HK$0.9
Share price	HK$2.13
Exercise price	HK$2.16
Expected volatility	58%
Option life	10 years
Expected dividends	4.4%
Risk-free interest rate	2.33%

The expected volatility was based on statistical analysis of daily share average prices of group of listed companies in the similar industry over the one year immediately preceding the grant date, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends were estimated based on the dividend policy of the Group. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition had not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

(Expressed in Renminbi)

30 EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

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

	2011		2010	
	Exercise price *HK$*	Number of options	Exercise price *HK$*	Number of options
Outstanding at 1 January	**2.41**	**49,100,000**	2.75	30,050,000
Adjustments upon rights issue	**2.34**	**1,213,380**	—	—
Granted during the year	**2.16**	**12,500,000**	1.90	20,000,000
Lapsed during the year	**2.11**	**(5,115,520)**	2.75	(950,000)
Outstanding at 31 December	**2.32**	**57,697,860**	2.41	49,100,000
Exercisable at 31 December	**2.59**	**32,352,800**	2.75	17,460,000

The options outstanding at 31 December 2011 had a weighted average exercise price of HK$2.32 (2010: HK$2.41) and a weighted average remaining contractual life of 5.12 years (2010: 5.3 years).

No option were exercised during the year ended 31 December 2011 (2010: none).

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	The Group			
	CIT	LAT	Withholding tax	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2010	93,562	3,868	17,237	114,667
Charged to the consolidated income statement *(note 7(a))*	274,890	226,798	27,689	529,377
Tax paid	(264,686)	(143,809)	(4,237)	(412,732)
Disposal of a subsidiary	26	—	—	26
At 31 December 2010	103,792	86,857	40,689	231,338
At 1 January 2011	**103,792**	**86,857**	**40,689**	**231,338**
Charged to the consolidated income statement *(note 7(a))*	**555,975**	**579,176**	**33,545**	**1,168,696**
Tax paid	**(443,250)**	**(235,356)**	**(1,795)**	**(680,401)**
At 31 December 2011	**216,517**	**430,677**	**72,439**	**719,633**

	2011	2010
	RMB'000	*RMB'000*
Representing:		
Tax payable	**828,655**	311,806
Prepaid tax	**(109,022)**	(80,468)
	719,633	231,338

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	The Group		
	Revaluation of properties	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2010	(63,729)	15,980	(47,749)
Credited to the consolidated income statement *(note 7(a))*	12,380	1,570	13,950
At 31 December 2010	(51,349)	17,550	(33,799)
At 1 January 2011	**(51,349)**	**17,550**	**(33,799)**
(Charged)/credited to the consolidated income statement *(note 7(a))*	**(144)**	**94,020**	**93,876**
At 31 December 2011	**(51,493)**	**111,570**	**60,077**

	2011	2010
	RMB'000	*RMB'000*
Representing:		
Deferred tax assets	**111,570**	18,260
Deferred tax liabilities	**(51,493)**	(52,059)
	60,077	(33,799)

(c) Deferred tax assets not recognised

The Company has not recognised deferred tax assets in respect of cumulative tax losses of RMB106,094,000 (2010: RMB85,608,000) at 31 December 2011, as it is not probable that future taxable profits against which losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses will be expired within five years.

32 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

(i) Authorised and issued share capital

	2011		2010	
	No. of shares *'000*	Amount *HK$'000*	No. of shares *'000*	Amount *HK$'000*
Authorised:				
Ordinary shares of HK$0.1 each	**10,000,000**	**1,000,000**	10,000,000	1,000,000
Ordinary shares, issued and fully paid:				
At 1 January	**2,000,000**	**200,000**	2,000,000	200,000
Issue of new shares upon rights issue	**428,000**	**42,800**	—	—
	2,428,000	**242,800**	2,000,000	200,000
RMB equivalent		**215,185**		179,637

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Issue of shares upon rights issue

On 28 June 2011, the Company issued 428,000,000 shares of HK$0.1 each by way of a rights issue in proportion of 21.4 rights shares for every 100 ordinary shares at a subscription price of HK$1.71 per rights share. These newly issued shares rank equally in all respects with the existing shares. The net proceeds from the rights issue amounted to HK$718,171,000 (equivalent to RMB596,487,000).

32 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Reserves

(i) Share premium

The share premium account is governed by the Cayman Companies Law and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to equity shareholders; (b) paying up unissued shares of the Company to be issued to equity shareholders as fully paid bonuses shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law); (d) writing-off the preliminary expenses of the Company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the Company.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) Statutory reserve fund

The statutory reserve fund is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

(iii) Other capital reserve

Other capital reserve includes the difference between the Group's considerations of acquisition of additional interests in subsidiaries from non-controlling interests and the difference between the nominal value of shares of the subsidiaries acquired over the nominal value of the shares issued by the Group in exchange thereafter.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations which are dealt with in accordance with the accounting policies as set out in note 2(w).

(v) Share-based compensation reserve

Share-based compensation reserve represents the fair value of services in respect of share options granted under the share option schemes as set out in note 30.

(vi) Distributability of reserves

At 31 December 2011, the aggregate amounts of the Company's reserves available for distribution to equity shareholders of the Company at 31 December 2011 was RMB1,718,075,000 (2010: RMB1,186,799,000). After the end of the reporting period, the directors proposed a final dividend of HK$10.0 cents, equivalent to RMB8.25 cents (2010: HK$9.7 cents, equivalent to RMB8.23 cents) per ordinary share, amounting to RMB200,400,000 (2010: RMB165,000,000). This dividend has not been recognised as a liability at the end of the reporting period.

The Company relies on distributions or advances from its subsidiaries to pay any dividends. The ability of these subsidiaries to make distributions to the Company and the Company's ability to receive distributions are subject to applicable legal and other restrictions, including but not limited to restrictions on payment of dividends by PRC subsidiaries to non-PRC shareholders out of the PRC. These restrictions may impact the payment of distributions from the subsidiaries to the Company.

32 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Reserves (Continued)

(vii) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital (Note 32(a)(i)) RMB'000	Share premium (Note 32(b)(i)) RMB'000	Exchange reserve (Note 32(b)(iv)) RMB'000	Share-based compensation reserve (Note 32(b)(v)) RMB'000	Equity component of convertible bonds (Note 28) RMB'000	Warrant reserve (Note 28) RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2010	179,637	1,076,820	(12,391)	14,947	43,166	11,906	131,354	1,445,439
Changes in equity for 2010:								
Profit for the year	–	–	–	–	–	–	157,376	157,376
Exchange difference on translation of financial statements	–	–	(48,407)	–	–	–	–	(48,407)
Total comprehensive income	–	–	(48,407)	–	–	–	157,376	108,969
Dividends approved in respect of the previous year	–	–	–	–	–	–	(117,953)	(117,953)
Equity settled share-based payment	–	–	–	7,143	–	–	–	7,143
Balance at 31 December 2010	179,637	1,076,820	(60,798)	22,090	43,166	11,906	170,777	1,443,598
Balance at 1 January 2011	**179,637**	**1,076,820**	**(60,798)**	**22,090**	**43,166**	**11,906**	**170,777**	**1,443,598**
Changes in equity for 2011:								
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**204,987**	**204,987**
Exchange difference on translation of financial statements	**–**	**–**	**(72,036)**	**–**	**–**	**–**	**–**	**(72,036)**
Total comprehensive income	**–**	**–**	**(72,036)**	**–**	**–**	**–**	**204,987**	**132,951**
Issue of new shares upon rights issue	**35,548**	**560,939**	**–**	**–**	**–**	**–**	**–**	**596,487**
Dividends approved in respect of the previous year	**–**	**–**	**–**	**–**	**–**	**–**	**(162,615)**	**(162,615)**
Equity settled share-based payment	**–**	**–**	**–**	**6,060**	**–**	**–**	**–**	**6,060**
Balance at 31 December 2011	**215,185**	**1,637,759**	**(132,834)**	**28,150**	**43,166**	**11,906**	**213,149**	**2,016,481**

32 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2011	2010
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HK$10.0 cents (equivalent to RMB8.25 cents) per ordinary share (2010: HK$9.7 cents (equivalent to RMB8.23 cents) per ordinary share)	200,400	165,000

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2011	2010
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$9.7 cents (equivalent to RMB8.13 cents) per ordinary share (2010: HK$6.8 cents (equivalents to RMB5.90 cents) per ordinary share)	162,615	117,953

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher equity shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

32 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Capital management (Continued)

Consistent with industry practice, the Group monitors its capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity of the Group. Net debt is calculated as total bank and other loans, convertible bonds and senior notes less cash and cash equivalents and restricted bank deposits secured against bank loans.

The gearing ratio at 31 December 2011 and 2010 was as follows:

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Current liabilities		
— Bank loans	**1,110,660**	1,423,859
— Other loans	**1,245,470**	168,010
— Senior notes	**1,849,885**	1,928,806
— Convertible bonds	**549,665**	—
	4,755,680	3,520,675
Non-current liabilities		
— Bank loans	**516,000**	492,416
— Other loans	**107,700**	449,870
— Convertible bonds	**—**	552,209
	623,700	1,494,495
Total debt	**5,379,380**	5,015,170
Less: Cash and cash equivalents	**(3,255,528)**	(3,370,335)
Restricted bank deposits secured against bank loans	**(84,000)**	—
Net debt	**2,039,852**	1,644,835
Total equity	**5,041,752**	3,771,684
Gearing ratio	**40.5%**	43.6%

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to interest rate, credit, liquidity and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Interest rate risk

The Group's interest rate risk arises primarily from restricted bank deposits, cash and cash equivalents, bank loans and other loans. The Group does not carry out any hedging activities to manage its interest rate exposure.

At 31 December 2011, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would increase the Group's profit and total equity by approximately RMB8,985,000 (2010: RMB14,734,000).

The analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The analysis is performed on the same basis for 2010.

(b) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, restricted bank deposits and cash and cash equivalents. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

In respect of trade receivables of mortgage sales, no credit terms will be granted to the buyers. The Group normally arranges bank financing for buyers of properties up to 70% of the total purchase price of the property and provides guarantee to secure repayment obligations of such buyers. The Group's guarantee periods commence from the dates of grants of relevant mortgage loans and end upon completion of construction and the mortgage registration documents are delivered to the relevant banks after the issue of the building ownership certificate.

If there is default in payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. Under such circumstances, the Group is able to retain the customer's deposit, take over the ownerships of relevant properties and sell the properties to recover any amounts paid by the Group to the banks since the Group has not applied for individual building ownership certificates for these purchasers until full payment are received. Sales and marketing staff of the Group is delegated to determine credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts, if any.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Credit risk (Continued)

In respect of other receivables, the Group assesses the financial abilities of the debtors before granting the facilities to them. The Group chases the debtors to settle outstanding balances and monitors the settlement progress on an ongoing basis. In respect of trade receivables arising from other sales and other receivables, the Group assesses the financial abilities of the purchasers/debtors before granting the instalment sales/facilities to them. The Group chases the debtors to settle outstanding balances and monitors the settlement progress on an ongoing basis. The Group would not apply individual property ownership certificates for the property buyers until the outstanding balances are fully settled. Other than that, normally, the Group does not obtain collateral from debtors. The impairment losses on bad and doubtful accounts are within management's expectation.

Restricted bank deposit and cash and cash equivalents are deposited with financial institutions with sound credit ratings to minimise credit exposure.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. There is no significant concentration of credit risk within the Group.

(c) Liquidity risk

The Group's management reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows, sale/pre-sale results of respective property projects, maturity of loans and borrowings and the progress of the planned property development projects in order to monitor the Group's liquidity requirements in the short and longer terms.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computing using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay.

The Group

	2011				
	Carrying amount *RMB'000*	Total contractual undiscounted cash flow *RMB'000*	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*
Bank loans	1,626,660	1,736,480	1,184,034	389,492	162,954
Other loans	1,353,170	1,409,395	1,312,887	96,508	—
Convertible bonds	549,665	733,523	31,794	31,794	669,935
Senior notes	1,849,885	2,901,167	242,506	242,506	2,416,155
Trade and other payables and accruals	5,078,595	5,078,595	4,476,629	532,024	69,942
	10,457,975	11,859,160	7,247,850	1,292,324	3,318,986
Adjustments to disclose cash flow on redemption put option of convertible bonds		4,780	706,509	(31,794)	(669,935)
Adjustments to disclose cash flow on acceleration of senior notes *(note 29(a))*		—	2,658,661	(242,506)	(2,416,155)
		11,863,940	10,613,020	1,018,024	232,896
Financial guarantees issued: — Maximum amount guaranteed *(note 35)*		4,697,633	4,697,633	—	—

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Liquidity risk (Continued)

The Company

	2011				
	Carrying amount *RMB'000*	Total contractual undiscounted cash flow *RMB'000*	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*
Convertible bonds	549,665	733,523	31,794	31,794	669,935
Senior notes	1,849,885	2,901,167	242,506	242,506	2,416,155
Other payables and accruals	140,642	140,642	140,642	—	—
	2,540,192	3,775,332	414,942	274,300	3,086,090
Adjustments to disclose cash flow on redemption put option of convertible bonds		4,780	706,509	(31,794)	(669,935)
Adjustments to disclose cash flow on acceleration of senior notes *(note 29(a))*		—	2,658,661	(242,506)	(2,416,155)
		3,780,112	3,780,112	—	—

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Liquidity risk (Continued)

The Group

	2010				
	Carrying amount *RMB'000*	Total contractual undiscounted cash flow *RMB'000*	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*
Term loans subject to repayment on demand clauses: scheduled repayments	169,635	173,895	20,441	153,454	—
Bank loans	1,746,640	1,847,918	1,332,025	344,356	171,537
Other loans	617,880	721,893	232,484	329,511	159,898
Convertible bonds	552,209	765,317	31,794	733,523	—
Senior notes	1,928,806	3,143,674	242,506	242,506	2,658,662
Trade and other payables and accruals	2,828,509	2,828,509	2,629,713	198,796	—
	7,843,679	9,481,206	4,488,963	2,002,146	2,990,097
Adjustments to disclose cash flows on term loans based on lender's right to demand repayment		(4,305)	149,149	(153,454)	—
Adjustments to disclose cash flow on redemption put option of convertible bonds		(44,439)	689,084	(733,523)	—
Adjustments to disclose cash flow on acceleration of senior notes *(note 29(a))*		—	2,901,168	(242,506)	(2,658,662)
		9,432,462	8,228,364	872,663	331,435
Financial guarantees issued: — Maximum amount guaranteed *(note 35)*		3,060,798	3,060,798	—	—

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Liquidity risk (Continued)

The Company

	2010				
	Carrying amount *RMB'000*	Total contractual undiscounted cash flow *RMB'000*	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*
Convertible bonds	552,209	765,317	31,794	733,523	—
Senior notes	1,928,806	3,143,674	242,506	242,506	2,658,662
Other payables and accruals	140,642	140,642	140,642	—	—
	2,621,657	4,049,633	414,942	976,029	2,658,662
Adjustments to disclose cash flow on redemption put option of convertible bonds		(44,439)	689,084	(733,523)	—
Adjustments to disclose cash flow on acceleration of senior notes *(note 29(a))*		—	2,901,168	(242,506)	(2,658,662)
		4,005,194	4,005,194	—	—

(d) Currency risk

The Group is exposed to currency risk primarily through bank deposits and bank loans that are denominated in a currency other than the functional currency of the operations to which they related. The currencies giving rise to this risk are primarily Hong Kong Dollars and United States Dollars.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Currency risk (Continued)

The following table details the Group's exposure at 31 December 2011 to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	The Group			
	2011		2010	
	United States Dollars	**Hong Kong Dollars**	United States Dollars	Hong Kong Dollars
	'000	***'000***	*'000*	*'000*
Cash and cash equivalents	**29,723**	**1,156**	31,873	1,155
Senior notes	**(293,518)**	**—**	(292,296)	—
Inter-company borrowings	**(30,000)**	**(60,000)**	(30,000)	(60,000)
Gross exposure arising from recognised assets and liabilities and overall net exposure	**(293,795)**	**(58,844)**	(290,423)	(58,845)

In addition to the above, one of the Company's subsidiaries with functional currency of Hong Kong Dollars, has a receivable of RMB1,150,000,000 (2010: RMB350,000,000) from a PRC subsidiary.

A reasonably possible increase/decrease of 5% (2010: 5%) in the foreign exchange rate of RMB against Hong Kong Dollars and United States Dollars would increase/decrease the Group's profit after tax and total equity by RMB55,029,000 (2010: RMB30,000,000). As Hong Kong Dollars are pegged to United States Dollars, the movement of exchange rate of Hong Kong Dollars against United States Dollars is considered insignificant.

The above analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 19).

The Group's listed investments are listed on the Stock Exchange of Hong Kong. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities other industry indications, as well as the Group's liquidity needs. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

The Group is also exposed to equity price risk arising from changes in the Company's own share price to the extent that the Company's own equity instruments underlie the fair values of derivatives. As at the end of the reporting periods the Group is exposed to this risk through the conversion rights attached to the convertible bonds issued by the Company as disclosed in note 28.

A reasonably possible increase/decrease of 5% (2010: 5%) in the relevant stock market index (for trading securities) or the Company's own share price (for the conversion option of convertible bonds) as applicable, with all other variables held constant, the impact on the Group's and the Company's profit after tax and total equity is not expected to be material.

(f) Fair Values

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirely based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

— Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

— Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

— Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(f) Fair Values (Continued)

(i) Financial instruments carried at fair value (Continued)

The Group

	2011			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets				
Trading securities:				
— Listed equity securities in Hong Kong	74,878	—	—	74,878
Derivative financial instruments:				
— Redemption call option of convertible bonds	—	3,595	—	3,595
	74,878	3,595	—	78,473
Liabilities				
Derivative financial instruments:				
— Redemption put option of convertible bonds	—	(132,959)	—	(132,959)

The Company

	2011			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets				
Derivative financial instruments:				
— Redemption call option of convertible bonds	—	3,595	—	3,595
Liabilities				
Derivative financial instruments:				
— Redemption put option of convertible bonds	—	(132,959)	—	(132,959)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(f) Fair Values (Continued)

(i) Financial instruments carried at fair value (Continued)

The Group

	2010			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets				
Trading securities:				
— Listed equity securities in Hong Kong	163,461	—	—	163,461
Derivative financial instruments:				
— Redemption call option of convertible bonds	—	34,580	—	34,580
Derivative financial instruments:				
— Redemption call option of senior notes	—	2,322	—	2,322
	163,461	36,902	—	200,363
Liabilities				
Derivative financial instruments:				
— Redemption put option of convertible bonds	—	(91,175)	—	(91,175)

The Company

	2010			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets				
Derivative financial instruments:				
— Redemption call option of convertible bonds	—	34,580	—	34,580
Derivative financial instruments:				
— Redemption call option of senior notes	—	2,322	—	2,322
	—	36,902	—	36,902
Liabilities				
Derivative financial instruments:				
— Redemption put option of convertible bonds	—	(91,175)	—	(91,175)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(f) Fair Values (Continued)

(ii) Fair values of financial instruments carried at other than fair value

The fair values of these financial instruments are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2011 and 2010. Amounts due from/(to) subsidiaries, associates, jointly controlled entities, non-controlling interests and related companies are either recoverable/(repayable) on demand or with no fixed repayment terms. Given these terms it is not meaningful to disclose fair values.

34 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2011 not provided for in the financial statements are as follows:

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Authorised but not contracted for	**14,921,680**	11,805,438
Contracted but not provided for	**1,277,718**	1,957,446
	16,199,398	13,762,884

Capital commitments mainly related to land and development costs for the Group's properties under development.

	2011	2010
	RMB'000	*RMB'000*
Properties under development undertaken by jointly controlled entities attributable to the Group		
Authorised but not contracted for	**916,866**	—
Contracted but not provided for	**185,658**	—
	1,102,524	—

34 COMMITMENTS (Continued)

(b) Commitments for operating leases

At 31 December 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2011	2010
	RMB'000	*RMB'000*
Within 1 year	**4,008**	4,164
After 1 year but within 5 years	**2,831**	7,097
	6,839	11,261

The Group is the lessee in respect of a number of properties under operating leases. The leases typically run for an initial period of two to five years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

35 CONTINGENT LIABILITIES

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificate of the property purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the Group's properties at 31 December 2011 is as follows:

	2011	2010
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to buyers of the Group's properties	**4,697,633**	3,060,798

The directors do not consider it probable that the Group will sustain a loss under these guarantees during the periods under guarantees as the Group has not applied for individual building ownership certificates for these buyers and can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors. The directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans generated by the Group in the event the buyers default payments to the banks.

36 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, major related party transactions entered by the Group during the year ended 31 December 2011 are as follows:

	Note	2011 RMB'000	2010 RMB'000
Interest income from jointly controlled entities	(a)	23,823	—
Interest income from a prior jointly controlled entity	(a)	2,794	—
Interest income from non-controlling interests	(a)	4,451	—
Project management fee income from jointly controlled entities	(b)	38,564	—
Interest expenses to jointly controlled entities	(c)	(59,609)	(21,695)
Interest expense to non-controlling interests	(d)	—	(3,590)
Rental expenses to a related company	(e)	—	(336)

(a) The amounts represent interest income in relation to advances to jointly controlled entities, a prior jointly controlled entity and non-controlling interests.

(b) The amount represents project management fee received from jointly controlled entities for the management of property development projects during the year.

(c) The amounts represented interest expenses in relation to loans from Bridge-CCRE Trust II as set out in note 17.

(d) The amount for the year ended 31 December 2010 represented interest expenses in relation to advances from non-controlling interests, which was unsecured and interest bearing at 12% per annum and settled in 2010.

(e) The amount for the year ended 31 December 2010 represented rental expenses for the office of the Group paid to a related company, in which Mr. Wu Po Sum has significant interest. The lease was terminated in 2010.

37 ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

(a) Acquisitions of subsidiaries

During the year, the Group has acquired certain subsidiaries which hold property development projects. Acquisition of these subsidiaries enables the Group to expand its land banks. Acquisitions of subsidiaries during the year are summarised as follows:

Date of acquisition	Name of subsidiaries acquired	Percentage of equity interest acquired	Percentage of equity interest held after acquisitions	Consideration
				RMB'000
9 February 2011	Henan Shengtai Real Estate Company Limited	100%	100%	32,632
3 August 2011	Xuchang Fengtai Real Estate Company Limited	60%	60%	30,000
5 August 2011	Henan Coal Chemical Central China Real Estate Development Investment Company Limited	50%	100%	52,800

The acquisitions of subsidiaries had the following combined effect on the Group's assets and liabilities upon the dates of acquisitions:

	Carrying amount	Adjustments	Recognised values on acquisitions
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	372	—	372
Deposits and prepayment	21,610	—	21,610
Properties for sale	1,202,641	19,074	1,221,715
Cash and cash equivalents	46,065	—	46,065
Trade and other payables	(1,106,545)	—	(1,106,545)
Non-controlling interests	(20,000)	—	(20,000)
Interest in jointly controlled entities	(47,785)	—	(47,785)
Net identified assets and liabilities	96,358	19,074	115,432
Total consideration paid			115,432
Total cash and cash equivalents acquired			(46,065)
Net cash outflow			69,367

37 ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (Continued)

(a) Acquisitions of subsidiaries (Continued)

The above subsidiaries contributed an aggregate turnover of RMBNil and loss attributable to the equity shareholders of the Company of RMB11,945,000 to the Group for the year ended 31 December 2011. Should the acquisitions had occurred on 1 January 2011, the consolidated turnover and the consolidated profit attributable to the equity shareholders of the Company for the year ended 31 December 2011 would have been RMB6,638,354,000 and RMB665,952,000 respectively.

(b) Acquisition and capital contribution of non-controlling interests

On 30 June 2011, the Group acquired additional 5.04% equity interest in Central China New Land (Henan) Real Estate Company Limited ("CCRE New Land") at a consideration of RMB22,000,000. Subsequent to the acquisition, the Group's equity interests in CCRE New Land increased from 84.96% to 90%. The carrying amount of non-controlling interests at the date of acquisition was RMB202,000 and the excess of the total consideration over the carrying amount of the non-controlling interests of RMB21,798,000 is recognised in other capital reserve in accordance with the accounting policy set out in note 2(c).

Pursuant to the capital contribution agreement on dated 16 August 2011, the issued and fully paid capital of CCRE New Land increased by RMB9,990,000, in which the Group and non-controlling interests contributed RMB1,990,000 and RMB8,000,000 respectively. As a result the equity interest held by the Group decreased to 55%. The increase in carrying amount of non-controlling interests is RMB5,693,000 and the excess of the capital contribution by non-controlling interests over the increase in carrying amount of non-controlling interests of RMB2,307,000 is recognised in other capital reserve in accordance with the accounting policy set out in note 2(c).

38 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Estimates and judgements used in preparing the financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities.

(a) Impairment provision for buildings and construction in progress

As explained in note 2(h), the Group makes impairment provision for the buildings and construction in progress taking into account the Group's estimates of the recoverable amount from such properties. The recoverable amounts have been determined based on value-in-use calculations, taking into account the latest market information and past experience. These calculation and valuations require the use of judgement and estimates.

Given the volatility of the PRC property market, the actual recoverable amount may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

38 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(b) Provision for properties for sale

As explained in note 2(k), the Group's properties for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development for sale, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in provision for properties for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(c) Impairment for trade and other receivables

The Group estimates impairment losses for trade and other receivables resulting from the inability of the customers to make the required payments. The Group bases the estimates on the aging of the trade and other receivable balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual provisions would be higher than estimated.

(d) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(e) CIT and LAT

As explained in note 7, the Group is subject to CIT and LAT under both authorised taxation method or audited taxation method in different jurisdictions. Significant judgement is required in determining the level of provision, as the calculations of which depend on the ultimate tax determination and are subject to uncertainty. The adoption of different methods may also affect the level of provision. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made.

38 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(f) Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated market value of each phase as a percentage of the total estimated market value of the entire project, or if the above is not practicable, the common costs are allocated to individual phases based on saleable area.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

(g) Valuation of investment properties

All investment properties of the Group are revalued as at the end of the reporting period by independent professionally qualified valuers, on an open market value basis calculated by reference to the net rental income with allowance for reversionary income potential.

The assumptions adopted in the property valuations are based on the market conditions existing at the end of the reporting period, with reference to current market sale prices for similar properties in the same location and condition and the appropriate capitalisation rate. Any change in assumptions of the valuation would affect the value of the investment properties significantly, and profit or loss in future years.

(h) Estimation of fair value of derivative financial instruments

Redemption call and put options embedded to convertible bonds and senior notes of the Group are classified as derivative financial instruments and stated at fair value at the end of each reporting period. The fair value of these options is measured based on the assumptions set out in notes 28 and 29. Any change in assumptions of the valuation would affect the value of these options significantly, and profit or loss in future years.

39 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 32(c)(i).

40 COMPARATIVE FIGURES

The liability component of the senior notes have been re-classified as mentioned in note 29(a).

(Expressed in Renminbi)

41 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2011

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and five new standards which are not yet effective for the year ended 31 December 2011 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 7, *Financial instruments: Disclosures — Transfers of financial assets*	1 July 2011
Amendments to HKAS 12, *Income taxes — Deferred tax: Recovery of underlying assets*	1 January 2012
Amendments to HKAS 1*, Presentation of financial statements — Presentation of items of other comprehensive income*	1 July 2012
HKFRS 10, *Consolidated financial statements*	1 January 2013
HKFRS 11, *Joint arrangements*	1 January 2013
HKFRS 12, *Disclosure of interests in other entities*	1 January 2013
HKFRS 13, *Fair value measurement*	1 January 2013
HKAS 27, *Separate financial statements* (2011)	1 January 2013
HKAS 28, *Investments in associates and joint ventures*	1 January 2013
HKFRS 9, *Financial instruments*	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

Summary of Financial Information

A summary of the consolidated results and of the consolidated assets, liabilities and non-controlling interests of the Group for the last five financial years prepared on the basis as hereunder stated is as set out below:

CONSOLIDATED RESULTS

	Year ended 31 December				
	2011	2010	2009	2008	2007
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	**6,638,354**	4,516,351	2,739,831	3,226,996	1,821,663
Profit before taxation	**1,817,750**	1,095,486	651,352	959,383	305,545
Income tax	**(1,074,820)**	(515,427)	(223,221)	(304,454)	(134,977)
Profit for the year	**742,930**	580,059	428,131	654,929	170,568
Attributable to:					
Equity shareholders of the Company	**667,995**	544,887	405,326	653,301	164,988
Non-controlling interests	**74,935**	35,172	22,805	1,628	5,580
	742,930	580,059	428,131	654,929	170,568
Earnings per share *(RMB cents)*					
— Basic	**29.77**	26.57	20.27	32.67	8.25
— Diluted	**29.77**	25.59	20.15	32.67	8.25

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	31 December				
	2011	2010	2009	2008	2007
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets					
Non-current assets	**4,586,261**	3,663,225	563,128	506,804	513,729
Current assets	**14,892,039**	11,769,942	9,583,525	6,735,546	5,044,793
Total assets	**19,478,300**	15,433,167	10,146,653	7,242,350	5,558,522
Liabilities					
Current liabilities	**13,761,355**	10,114,929	5,177,127	3,820,164	3,634,537
Non-current liabilities	**675,193**	1,546,554	1,649,833	332,264	449,184
Total liabilities	**14,436,548**	11,661,483	6,826,960	4,152,428	4,083,721
Net assets	**5,041,752**	3,771,684	3,319,693	3,089,922	1,474,801
Equity					
Total equity attributable to equity shareholders of the Company	**4,642,488**	3,495,818	3,124,357	2,940,132	1,330,287
Non-controlling interests	**399,264**	275,866	195,336	149,790	144,514
Total equity	**5,041,752**	3,771,684	3,319,693	3,089,922	1,474,801

Note: The summary of the consolidated results of the Group for the year ended 31 December 2007 and the summary of the consolidated assets, liabilities and equity as at 31 December 2007 were extracted from the Company's prospectus dated 26 May 2008. Such summary was prepared as if the group reorganisation had been completed throughout the financial year.