NEW TOWN

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

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

Annual Report 2012

創新驅動 轉型發展

推進新型城鎮化建設

Corporate Profile

China New Town Development Company Limited (Stock code: D4n.si or 1278.hk) (referred to as "CNTD" or the "Company") is dual-listed on the main board of Singapore Exchange Securities Trading Limited ("SGX") and The Stock Exchange of Hong Kong Limited ("HKEx") since 14 November 2007 and 22 October 2010 respectively.

We are pioneer in new town development in China. We have established industry leadership through over ten years of solid track record since 2002, and are among the very first non state-owned players to engage to primary land development. We have a distinctive business model that, through joint venture partnership with local government entities, we turn bare land into valuable land resources and receive a significant portion of land sale proceeds from the relevant People's Republic of China ("PRC") land authorities once the land plots are sold to third party property developers through public auction, tender or listing. In the new town development process, we have exclusive development and management rights and are not only responsible for master town planning, land preparation, infrastructure construction, but also nurturing long term town value through building high quality facilities, introducing premium brands and leading real estate developers. We currently have three new town projects, located in Shanghai, Wuxi and Shenyang respectively, with total site area of approximately 36 sq.km..

Goal

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

Mission

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

Contents

Our Business & Cycle

OUR BUSINESS

Introduction

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

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

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

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

Our business cycle

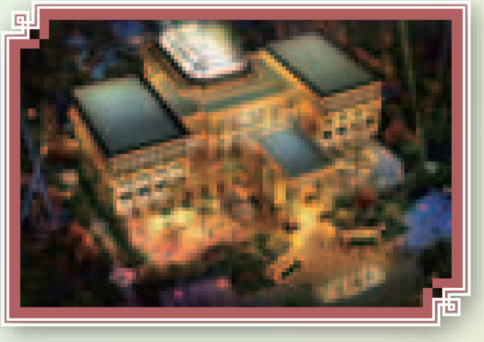
Phases
Bare Land Site selection & master planning, relocation and resettlement of residents
Land Preparation Formation of infrastructure and public amenities development
Developed Land Parcels Ready for sale through public auction, tender or listing

LAND DEVELOPMENT PROJECTS

Shanghai Luodian New Town

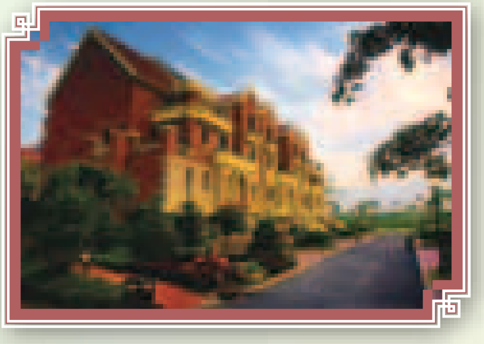
- Total site area of 6.80 sq. km.
- Located at Baoshan District, connected to downtown Shanghai by metroline #7 (with two stops at Luodian), around 30 minutes ride to downtown Shanghai
- Selected as permanent site to co-host the National Urbanization Forum with the National Development and Reform Commission of the PRC
- Also features a Five-star Crowne Plaza Hotel, two 18-holes PGA standard golf courses (the site of Lake Malaren BMW Masters Tournament), an European-styled retail street with over 72,000 sq.m. of rental space, an international convention centre, and Lake Malaren Maternity Hospital (provisional name)
- Substantially completed (96% completion)
- Approximately 699,588 sq.m. of remaining land available for sale representing 30% of total, available for sale up to year 2015

Wuxi Hongshan New Town



- Total site area of 8.68 sq. km.
- Located in Wuxi New District and adjacent to the high-tech industrial park (over 70 of Fortune 500 businesses operating there), close proximity to the Wuxi city centre and Wuxi Airport
- Features a five-star hot spring hotel, retail Street and the Wuxi branch of Shanghai Ruijin Hospital.
- Approximately 67% completed of development
- Approximately 3.11 million sq.m. of remaining land inventory available for sale representing 81% of total, available for sale up to year 2020

Shenyang Lixiang New Town



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

Note: CNTD's holding interests in Luodian, Wuxi and Shenyang joint-venture companies are 72.63%, 90% and 90% respectively.

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

Luodian

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

Wuxi

- A five-star hot spring hotel
- Retail street
- Wuxi branch of Shanghai Ruijin Hospital

REAL ESTATE DEVELOPMENT PROJECTS

Lake Malaren UHO Project[1]

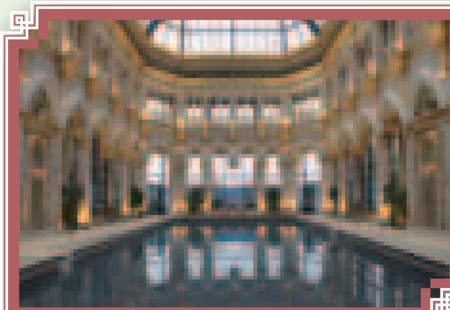
Type:	Commercial
Location:	Within Luodian New Town, adjacent to the Metroline #7, Lake Malaren Station
Site area:	11,228 sq.m.
Total GFA:	39,317 sq.m.
Descriptions:	Located right on the top of the Luodian metro Transportation Hub, the Lake Malaren UHO Project is to be developed into commercial use property. It benefits from convenient location, at the junction where the metroline #7 connects the new town with downtown Shanghai, as well as a shopping mall.
Expected timing:	Pre-sale started in 2011, delivery by 2013

Note 1: CNTD has 72.63% effective interest in these projects.

Lake Malaren Silicon Valley project[1]

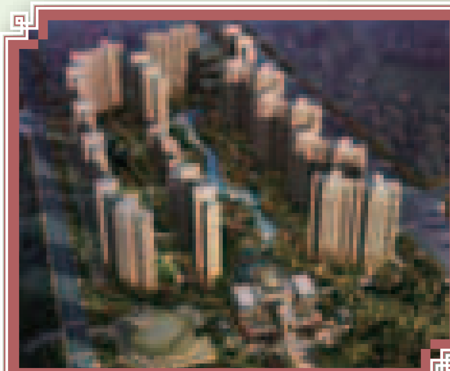
Type:	Commercial
Location:	Adjacent to the Crowne Plaza Lake Malaren Hotel and Lake Malaren Golf Course (two 18-holes PGA standard golf courses to co-host an international golf tournament with the BMW ("BMW") in 2012-2014. BMW has the right to extend the cooperation agreement for a further period of four years (i.e. 2015-2018).
Site area:	242,500 sq.m.
Total GFA:	97,000 sq.m.
Descriptions:	To be developed into low-density commercial office units and sold for use as corporate headquarters, enjoying full view of the Lake Malaren Golf Courses. The Project will have approximately 240 units, with a standard unit ranging from 360 sq.m. to 460 sq.m.
Expected timing:	Pre-sale started in 2011, delivery through 2012-2015

Jiangnan Richgate II (formerly known as Wuxi Hongqing Project)[2]



Type:	Residential
Location:	Within Wuxi Hongshan New Town
Site area:	69,212 sq.m.
Total GFA:	83,055 sq.m.
Descriptions:	To be developed into residential property.
Expected timing:	Pre-sale to start in 2014, delivery through 2015-2016

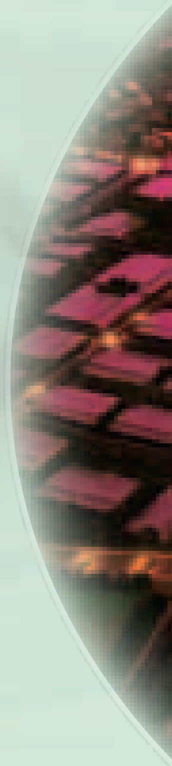
Chengdu Albany Oasis Garden (formerly known as Chengdu project in Pi county)[1]



Type:	Residential
Location:	Sanguan Village, Hongguang Town in the Pi county of Chengdu
Site area:	90,982 sq.m.
Total GFA:	215,202 sq.m.
Descriptions:	Located in one of the six major city ancillary blocks of Chengdu with good location, convenient transportations and excellent development prospects. This project represents the first ever CNTD real estate project outside its own new towns.
Expected timing:	Pre-sale started in 2012, delivery through 2013-2015

Note 1: CNTD has 72.63% effective interest in these projects.
Note 2: CNTD has 90% effective interest in the project.

Project List



Our Strengths & Strategies

Our competitive strengths:

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

Our business strategies:

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

Corporate Information

BOARD OF DIRECTORS

Executives

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

Non-Executives

Mr Henry Tan Song Kok	*(Lead Independent Director)*
Mr Lam Bing Lun Philip	*(Independent Director)*
Mr Kong Siu Chee	*(Independent Director)*
Mr Zhang Hao	*(Independent Director)*
Mr E Hock Yap	*(Independent Director)*

AUDIT COMMITTEE

Mr Henry Tan Song Kok *(Chairman)*
Mr Lam Bing Lun Philip
Mr Zhang Hao

NOMINATING COMMITTEE

Mr E Hock Yap *(Chairman)*
Mr Lam Bing Lun Philip
Mr Kong Siu Chee

REMUNERATION COMMITTEE

Mr Kong Siu Chee *(Chairman)*
Mr Henry Tan Song Kok
Mr Lam Bing Lun Philip
Mr E Hock Yap

INVESTMENT COMMITTEE

Mr Lam Bing Lun Philip *(Chairman)*
Mr Henry Tan Song Kok
Mr Kong Siu Chee
Mr Zhang Hao

COMPANY SECRETARIES

Ms Low Siew Tian
Ms Chan Sau Ling*

COMPANY SECRETARIAL CONTACT

Mr Li Yao Min *(Co-Chairman)*
Ms Chen Jue *(Assistant Company Secretary)*

BUSINESS ADDRESS

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No 1 Harbour Road
Wanchai, Hong Kong SAR
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Facsimile: (852) 3965 9111
Website: www.china-newtown.com

* Ms Kwok Yu Ching resigned as the Joint Company Secretary and Ms Chan Sau Ling was appointed as the Joint Company Secretary with effect from 8 February 2013.

REGISTERED OFFICE

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P.O. Box 3340
Road Town, Tortola
British Virgin Islands

BVI PRINCIPAL SHARE REGISTRAR

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

SINGAPORE SHARE TRANSFER AGENT

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

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Wanchai, Hong Kong

LEGAL ADVISOR

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

AUDITOR

Ernst & Young
22/F, CITIC Tower, 1 Tim Mei Avenue, Central,
Hong Kong SAR
Auditor's Date of Appointment: 20 November 2007
Partner-in-Charge: Mr Terence Ho Siu Fung
Partner-in-Charge Since: 9 November 2011

STOCK EXCHANGE LISTED

ISIN Code: VGG2156N1006

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

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

PRINCIPAL BANKERS

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

Chairman's Statement

2012 marked the 10th year of CNTD's engagement in new town development, which was also a year of great significance in the history of China's urbanization development. The 18th National Congress of Communist Party of China ("18th NCCPC") was successfully held in November and the new central leadership was elected. The 18th NCCPC report stressed the concept of urbanization in numerous occasions. It also set the target to double the 2010 Gross Domestic Product ("GDP") and per capital income for both urban and rural residents by 2020 and emphasized the importance of following the path of carrying out industrialization in a new way and advancing IT application, urbanization and agricultural modernization with Chinese characteristics. As Li Keqiang, one of the new CPC leaders, pointed out, in future, China's economic growth must rely on domestic demand instead of export, and urbanization will be the major drive of domestic demand. Over the next decade, China will speed up its urbanization process.

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

Being a pioneer of new town development in China, CNTD mainly engages in clearing and preparing land and development of new town while undertaking joint development projects in primary and secondary property market according to circumstances. Against the continued macroeconomic curbing policy on real estate and stagnant demand and

Dear Shareholders,

On behalf of the board of directors, I would like to present the annual report for the results of China New Town Development Company Limited ("CNTD") for the year ended 31 December 2012 to you.

supply in the land market in the first half of 2012, the transacted value and floor space in the secondary real estate market across the country started to pick up since turnaround in August and slightly rebound in the fourth quarter. The land market also picked up following an initial dip. Although overall demand and supply remained weak, we saw an upsurge in land supply and land acquisition in the fourth quarter. We believe, as a result of urbanization progress and under existing policies, the primary land market will trend towards more rational and consumer demand, which is challenging but full of anticipation at the same time.

Looking forward to 2013, we are fully aware of huge challenges and opportunities in the course of China's urbanization development. The land market and real estate sector will continue to face challenges arising from policies and cyclical industry change. However, over ten years practical experiences in new town development and in dealing with a sluggish real estate market in recent years have fortified our confident. CNTD's unique business model allows it to distinguish itself from other secondary real estate developers. We do not face time limit for our projects in a short-term, which enables us to have better control over cash flows. Meanwhile, all our project companies are joint ventures established between the Company and the local governments, which makes us to be better coherent with the development trends of the country. Being in the capital intensive industries, we are delighted to notice that China Development Bank, one of the three policy banks in China, openly announces more than 50% of its new loan to be granted in 2013 will be allocated to urbanization and ancillary infrastructure construction.

We believe, CNTD can conform to the economic trend and strategic development of the country. Our abundant quality land reserve can stand the test of the cyclical change in the real estate sector to realize the maximum value while making contribution at the same time in the course of urbanization.

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

Shi Jian
Chairman

20 March 2013

CEO Statement

DEAR SHAREHOLDERS

In 2012, China New Town Development Company Limited (hereafter referred to as "CNTD" or the "Company") gradually recovered from the trough of curbing measures within the real estate industry and steadily advanced towards the crucial stage in China's urban development. For the financial year ended 31 December 2012, the revenue of CNTD increased year-on-year by 46% to RMB935 million, while net results turned from loss to profit, with net profit amounting to RMB46 million. As mentioned in the Chairman's Statement, due to the stringent policies imposed on the real estate sector, the land market first make a downturn before picking up. After the convention of the 18th NCCPC, opportunities and challenges coexist in China's urbanization development. However, we firmly believe that the rich and invaluable experience gained in development management over the last ten years will better promote the structured development of CNTD. This year, we continued to implement stringent cost and cash flow management, devoted our efforts to promoting the development of our projects and increasing value of the land of our projects in a long term. Through our tenacious efforts, we were able to achieve prominent results in our projects.

LUODIAN

After 10 years of development, Luodian Project is currently CNTD's most mature project. The highest price of Luodian New Town's land sale was once at RMB10.07 million/mu. In 2012, Luodian Project was also the biggest contributor to the Group's revenue.

In 2012, Luodian Project successfully sold 3 saleable land parcels with a total selling price of approximately RMB1,047 million, of which two were for residential use and one for commercial use. Total area of land sold was 125,604 square meters (approximately equal to 188 mu). The area of land sold for the year was the highest since the real estate macro-curbing policies in 2010.

We were pleased with the spectacular land sale results under the real estate macro-curbing policies, but we also consistently cultivated the recognition and influence of our projects. The annual "National Urbanization Forum" organized by the National Development and Reform Commission of the PRC was held as scheduled at the Lake Malaren Convention Centre this year. Also, another notable event this year was the BMW Masters 2012 sponsored by BMW. It is a showcase event in the world of golf as 74 world-class golfers, including world No.1 ranking golfer Rory McIlroy competed for the grand prize of USD7 million. The four-day tournament was highly prioritized and recognized by the General Administration of Sport of China and various levels of government, once again enhancing the recognition and international fame of the Lake Malaren brand. Meanwhile, the structural construction of Shanghai Lake Malaren Maternity Hospital, a joint project between us and China Welfare Institute International Peace Maternity and Child Health Hospital has been completed and is expected to open in mid-2013. This will raise the medical service standards in the area of Lake Malaren, and will also help to enhance the value of the land in the future.

WUXI

Within the year, Wuxi Project recorded the sale of one plot of land for hospital use with a total sale price of RMB68 million and an area of 62,145 square meters. The sale of the land is another instance of actual progress after the framework agreement was successfully entered into in 2011 in relation to establishment of Shanghai Ruijin Hospital Wuxi branch. At the same time, Wuxi Project achieved good results in developmental progress. 82% of the relocation work has been completed, the cost of which represents a substantial part of the development cost of the project. Also, the Yingshuiting Hotel has been completed within the year, which helps to bring attention and popularity of Hongshan New Town. In the long run, it also helps to enhance the land value in the future.

SHENYANG

Although Shengyang Project did not record any land sales in 2012, it achieved breakthrough progress in brand establishment. The Lake Malaren National Golf Tournament Team events organized by the Small Ball Sports Management Center of the General Administration of Sport of China, China Golf Association and Liaoning Province Administration of Sport was held successfully at our Shenyang Project. A total of 36 teams participated in the week-long tournament, capturing the attention of Shenyang and even the entire country, greatly enhancing Shenyang Project's brand recognition. It also laid the solid foundations for the golf preliminary events of the 2013 National Games and National Golf Tournament Team events to be held at the Project for the next four consecutive years.

REAL ESTATE DEVELOPMENT PROJECTS

Besides focusing on site formation and the development of new towns, we introduced multiple secondary real estate development projects according to the circumstances. Secondary development projects can accelerate capital return and balance the cash flows of primary development projects. In 2012, three of our secondary development projects, namely the Lake Malaren UHO Project, Lake Malaren Silicon Valley Project of Luodian New Town and Chengdu Albany Oasis Garden have entered the pre-sale stage, while the Lake Malaren Silicon Valley Project has entered into delivery stage. Jiangnan Richgate II located in Wuxi New Town will be introduced into the market in 2014 at an appropriate time. Within the year, the sales contract amount from the three real estate development projects for sale amounted to a total of RMB577 million with contract area sold of 54,491 square meters. As a result, the capital return of the Group is accelerated, and its profit channels are diversified, meanwhile enhanced the reputation and popularity of CNTD projects to a large extent, and realized synergy by collaboration of primary projects and secondary projects.

CONCLUSION

Looking ahead to 2013, the high degree of attention given to China's urbanization by the 18th NCCPC presents us with an unprecedented opportunity, however, become even more aware of the challenges that we are faced with. By overcoming the difficulties of 2012 and the accumulation of invaluable experience over the last ten years gives us courage and faith. We believe by integrating into national strategy, implementing the Group's developmental principles and focusing on enhancing the value of our projects, the future development of CNTD holds great potential. I would like to take this opportunity to extend my most sincere gratitude to each and every shareholder who has lent their full support to the Company, as well as the devotion of our entire staff. We promise to continue to strive forward in the coming year and continue to create magnificent results through an innovative, practical and steady mindset.

Li Yao Min
Chief Executive Officer

Shi Janson Bing
Co-Chief Executive Officer

20 March 2013

Five-Year Financial Summary

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

	Year ended 31 December				
RMB'000	2012	2011	2010	2009	2008
Revenue	**934,954**	640,532	1,479,889	1,087,355	564,096
Cost of sales	**(568,052)**	(303,665)	(567,278)	(435,048)	(369,101)
Gross profit	**366,902**	336,867	912,611	652,307	194,995
Other income	**15,216**	26,355	13,130	8,419	16,159
Selling and distribution costs	**(117,839)**	(161,369)	(65,223)	(119,669)	(35,891)
Administrative expenses	**(131,562)**	(136,055)	(178,224)	(133,523)	(165,911)
Other expenses	**(31,219)**	(222,544)	(44,544)	(1,720)	(36,162)
(Loss)/gain on the repurchase of Senior Notes	**–**	–	(4,177)	24,744	–
Loss on convertible bonds other than interest cost, net	**–**	–	–	–	(287,826)
Impairment loss of property, plant and equipment	**–**	–	–	(8,810)	(136,773)
Fair value gain/(loss) on completed investment properties	**61,606**	(24,107)	16,168	(14,163)	(488,160)
Fair value gain/(loss) on investment properties under construction	**161**	(9,264)	(1,723)	39,036	–
Operating profit/(loss)	**163,265**	(190,117)	648,018	446,621	(939,569)
Finance costs	**(81,155)**	(48,648)	(97,861)	(104,352)	(193,696)
Share of profit/(loss) from jointly-controlled entities	**280**	(891)	–	–	–
Profit/(loss) before tax	**82,390**	(239,656)	550,157	342,269	(1,133,265)
Income tax	**(36,657)**	6,476	(188,575)	(98,809)	145,915
Profit/(loss) for the year	**45,733**	(233,180)	361,582	243,460	(987,350)
Non-controlling interests	**31,292**	(32,453)	(114,788)	(76,830)	141,807
Profit/(loss) attributable to owners of the parent	**14,441**	(200,727)	246,794	166,630	(845,543)
Assets and liabilities					
Total assets	**11,761,087**	10,616,030	8,931,850	8,620,425	6,400,122
Total liabilities	**8,520,540**	(7,590,384)	(5,634,324)	(5,811,268)	(4,324,087)
Total equity	**3,240,547**	3,025,646	3,297,526	2,809,157	2,076,035
Equity attributable to owners of the parent	**2,670,180**	2,488,571	2,746,007	2,372,926	1,716,934
Non-controlling interests	**570,367**	537,075	551,519	436,231	359,101
Total Equity	**3,240,547**	3,025,646	3,297,526	2,809,157	2,076,035

OPERATING RESULTS

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

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

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

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

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

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

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

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

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

Other income decreased by RMB11 million compared with 2011, which mainly resulted from the interest income decreased from RMB18 million in 2011 to RMB6 million in this financial year. The decrease primarily resulted from the decline of cash and bank balance and bank deposit interest rate.

OPERATING EXPENSES

Selling and distribution costs

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

Administrative expenses

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

Other expenses

In 2012, other expense decreased by RMB191 million compared with the 2011, which mainly resulted from a bad debt provision of RMB221 million recorded in 2011, whereas no such circumstance incurred in this financial year. On the other hand, during this financial year, considering the suspension and uncertainty of construction progress of the hotel in our Shenyang project, RMB16 million of impairment was made for the property under construction.

Non-operating activities

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

Finance costs

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

Taxation

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

Liquidity

The Group has been granted the following facilities which had been announced.

a> For development of Lake Malaren Silicon Valley Project in our Shanghai Luodian New Town Project:
- Principal: RMB 600 million
- Total facility withdrawn as at the end of 2012: RMB519.7 million

b> For development of Chengdu Albany Oasis Garden Project:
- Principal: RMB 200 million
- Total facility withdrawn as at the end of 2012: RMB165.7 million

c> For development of Hospital Project in our Shanghai Luodian New Town Project:
- Principal: RMB 450 million
- Total facility withdrawn as at the end of 2012: RMB306.26 million

For detailed information, please refer to 2012 Announcements.

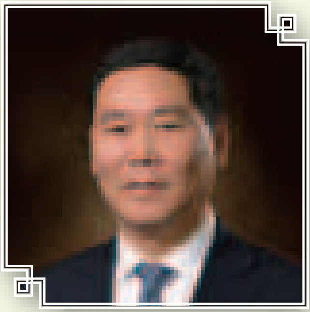
Overall, cash and bank balance (excluding restricted deposits) has decreased RMB118 million over the year with a balance of RMB229 million as at the end of 2012, which is mainly attributable to a decrease of RMB24 million from operating activities and a decrease of RMB131 million from finance activities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

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

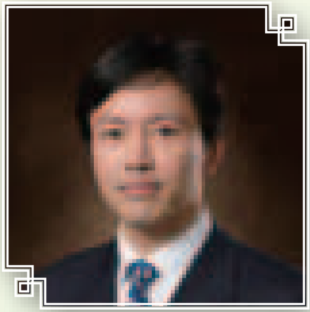
Profiles of Directors and Senior Management

BOARD OF DIRECTORS

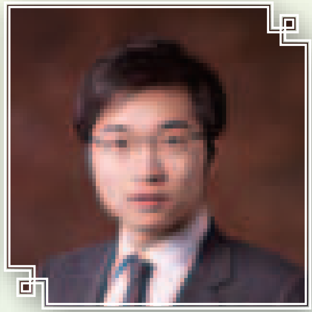
CHAIRMAN
Mr. Shi Jian



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



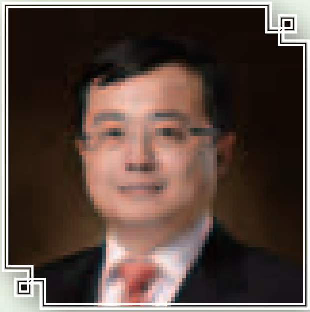
VICE CHAIRMAN
Mr. Yue Wai Leung Stan



CO-CHIEF EXECUTIVE OFFICER
Mr. Shi Janson Bing

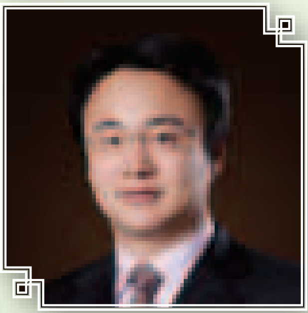
EXECUTIVE DIRECTOR
Ms. Song Yiqing

CHIEF OPERATING OFFICER
Ms. Gu Biya



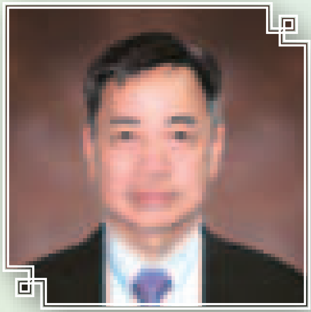
EXECUTIVE DIRECTOR
Mr. Mao Yiping

EXECUTIVE DIRECTOR
Mr. Yang Yonggang



EXECUTIVE DIRECTOR
Mr. Qian Yifeng

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



INDEPENDENT
NON-EXECUTIVE DIRECTOR
Mr. E Hock Yap

INDEPENDENT
NON-EXECUTIVE DIRECTOR
Mr. Kong Siu Chee

INDEPENDENT
NON-EXECUTIVE DIRECTOR
Mr. Lam Bing Lun Philip

INDEPENDENT
NON-EXECUTIVE DIRECTOR
Mr. Zhang Hao

DIRECTORS

Executive Directors

Mr. Shi Jian,

aged 59, is the founder of our Company. He was appointed to our Board on 11 January 2007 and has been the Executive Chairman of our Company since 1 April 2007. Mr. Shi is responsible for the development of our corporate strategies. He is involved in assessing the businesses in which our Company is involved and reassesses each strategy regularly to determine whether it has succeeded or needs replacement by a new strategy to meet changed circumstances. He also provides guidance to the Chief Executive Officer of our Company in developing plans to achieve each strategy. In addition, Mr. Shi is responsible for developing and maintaining good working relationships with government authorities and joint venture partners.

Mr. Shi served in the People's Liberation Army from 1970 to 1986, the highest rank attained being colonel. From 1993 to 1995, he was the General Manager of the Universal Mansion project in Shanghai from which he obtained substantial experience in the development of commercial property. He has more than 22 years' experience in business management and the property development industry, including over 10 years' experience in new town development in the PRC. Mr. Shi is also a founder and is concurrently the Executive Chairman of SRE Group Limited ("SRE", 1207.hk). He is the father of Mr. Shi Janson Bing, the Co-Chief Executive Officer and Executive Director of the Company. Mr. Shi is also the father-in-law of Ms. Zuo Xin, the Assistant President of the Company.

Mr. Li Yao Min,

aged 62, was appointed to our Board on 11 January 2007 and has been the Executive Vice Chairman of our Company since 1 April 2007. Mr. Li was previously appointed as Co-Vice Chairman on 1 December 2008 and has subsequently been re-designated as Chief Executive Officer and Co-Vice Chairman since 7 January 2010 and as Chief Executive Officer and Co-Chairman on 1 July 2011. Mr. Li is responsible for identifying investment opportunities to meet our strategies. He is also responsible for making high-level initial assessments of the investment opportunities and their potential returns and developing working relationships with government authorities and joint venture partners. He also sits on the boards of various companies within our Group. From 1992 to 1993, he was attached to Shanghai Golden World Commercial Building Co., Ltd. as a General Manager, responsible for the overall management and development of commercial property. He has over 18 years of experience in business management and the property development industry, including over 10 years' experience in new town development in PRC. Mr. Li is one of the founders and is concurrently the Executive Director of SRE.

Mr. Yue Wai Leung Stan,

aged 52, joined our Group as an Executive Director on 30 September 2006 and served as Chief Executive Officer from April 2007 to November 2008. Mr. Yue was re-designated as Co-Vice Chairman on 1 December 2008 and Non-Independent Non-executive Director on 3 June 2009 and has subsequently been re-designated as Vice Chairman and Executive Director with effect from 1 July 2011. Mr. Yue is responsible for assisting the Chairman in formulating corporate strategies and providing advisory to our Company in the implementation of corporate strategies and business management. He also sits on the boards of various companies within our Group.

Mr. Yue obtained a bachelor's degree in administration studies from the York University in Toronto, Canada. He is a member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Yue has over 22 years of experience in the finance and administration sectors in both private and public companies in Hong Kong and the PRC. From May 2004 to April 2007, he held the position of Chief Financial Officer at SRE. He has been appointed as Co-Chief Executive Officer and Executive Director of SRE from 3 June 2009 to 1 July 2011 and was responsible for the corporate finance function.

Mr. Shi Janson Bing,

aged 29, joined our Group in December 2007 and was appointed as an Executive Director since 12 December 2007. He was re-designated as Co-Chief Executive Officer and Executive Director on 30 November 2010 subsequently. He is responsible for project developments, management of human resources and overseeing all commercial operations. Mr. Shi graduated from the University of Southern California and obtained a bachelor's degree in accounting in May 2007. He sits on the boards of various companies within our Group. He is the son of Mr. Shi Jian, our Executive Chairman and a controlling shareholder of the Company. Ms. Zuo Xin, the Assistant President of the Company, is the spouse of Mr. Shi.

Ms. Gu Biya,

aged 54, joined our Group in November 2006 and was previously appointed to our Board on 30 November 2006. She was responsible for overseeing the development of the Wuxi Project. On 1 June 2009, Ms. Gu resigned from our Board as she had a surgical operation but was re-appointed as Executive Director and Chief Operating Officer on 7 January 2010 upon recovery. She is now responsible for enhancing the operational effectiveness and efficiency of our Company. She also sits on the boards of various companies within our Group.

Ms. Gu obtained a bachelor's degree in economics and management from the Central Party School in June 1992 and obtained an International Real Estate Advanced Leadership Program Certificate upon completion of a course relating to the financing and management of a real estate company jointly organized by the Harvard University's Graduate School of Design, the graduate school of design of the Harvard University, and the Tsinghua University for real estate professionals in China in March 2005. She was a member of the Shanghai City, Baoshan District Chinese People's Political Consultative Conference National Committee from October 2004 until the change of office bearers of the committee in 2008. She was awarded the 2005 China Construction Industry Top 100 Managers Award in October 2005 from China Management Science Research Institute, China Architectural Culture Center and China Construction Newspaper. Based on the records from Shanghai Changning District Human Resources Service Center, Ms. Gu has over 21 years of management experience in the real estate industry. She has joined the SRE group since 1997. In 2002, she was re-designated as a director and the General Manager of Shanghai Golden Luodian Development Company Limited ("SGLD") and was responsible for the operations of the company until February 2007.

Mr. Mao Yiping,

aged 44, joined SRE in 1993. He subsequently joined our Group in November 2006 and was appointed as an Executive Director on 30 November 2006. He has been the General Manager for the Shenyang Project since 1 April 2007 and is responsible for overseeing the development of the Shenyang Project. He also sits on the boards of various companies within our Group. Mr. Mao obtained a bachelor's degree in mechanical engineering from the Shanghai Jiao Tong University in July 1991 and a master's degree in business administration from the City University of Hong Kong in November 2003.

Mr. Yang Yonggang,

aged 59, joined our Group as a Vice President since April 2007 and was appointed as Executive Director on 3 June 2009. He is responsible for overseeing the legal affairs of our Group. He also sits on the boards of various companies within our Group. Between November 1969 and August 1978, Mr. Yang worked at the Yunnan Province of Meng La Farm. He graduated with a bachelor's degree in philosophy from the Southwest Jiaotong University in China in July 1982, and subsequently taught in the Shanghai Tiedao University in China in the same year. In 1993, Mr. Yang obtained the qualifications of the assistant professor. He joined Shanghai Tongji University in China and served as an assistant professor in January 2000. He later joined SRE in January 2001 as head of administration and was responsible for investment and legal matters.

Ms. Song Yiqing,

aged 33, joined our Group since 8 March 2010 and was appointed as Executive Director on 30 April 2010. From 8 March 2010 to 31 July 2012, she held the position of Chief Financial Officer and was in charge of financial planning and investment management as well as investor relations affairs for our Group. She is re-designated to oversee business development affairs of Shanghai since 1 August 2012 and onwards. She also sits on the boards of various companies within our Group. Ms. Song obtained a master's degree of business administration from the Wharton Business School of the University of Pennsylvania in May 2007, a master's degree in accounting from The College of William and Mary in Virginia in December 2002 and a bachelor's degree of arts in international trade and English from the Shanghai Institute of Foreign Trade in July 2000. She is a member of the American Institute of Certified Public Accountants. She has 8 years of experience in international accounting, global investment banking and global strategy consulting. She provided professional financial consultancy and other advisory services to different global industry sectors.

Mr. Qian Yifeng,

aged 35, was appointed as Executive Director on 20 October 2011. He is responsible for overseeing the development of the Wuxi Project. Mr. Qian was a Vice General Manager of CNTD Wuxi Hongshan New Town Development Co., Ltd ("CNTD Wuxi") from 2007 to 2009 and became the General Manager of CNTD Wuxi since June 2009. Mr. Qian was appointed as Assistant President, Deputy Director of the Company with effect from 30 November 2010. Previously, he worked in Orient International (Holding) Shanghai FEB Real Estate Co. Ltd. as a project manager in the Department of Development and Market Analysis. Mr. Qian holds a master degree in environment and energy management from the University of Twente, the Netherlands and a bachelor degree in civil engineering from the Harbin Engineering University, China.

Independent Non-executive Directors

Mr. Henry Tan Song Kok,

aged 48, was appointed to our Board on 25 September 2007. He is the Lead Independent Non-executive Director and the chairman of the Audit Committee of our Company and a member of the Remuneration Committee and the Investment Committee of our Company.

Mr. Tan obtained a bachelor's degree in accountancy with first class honours from the National University of Singapore. He is a fellow of the Institute of Certified Public Accountants of Singapore, a member of the Institute of Chartered Accountants in Australia, the Institute of Internal Auditors Inc (Singapore Chapter) and the Singapore Institute of Directors. Mr. Tan is currently the Managing Director of Nexia TS Public Accounting Corporation and the chairman of Nexia China. He is also the Asia Pacific Regional Chairman and a board member of Nexia International. He also sits on the board of Ascendas Fund Management (S) Limited, which is the Manager of Ascendas REIT, a fund listed on the SGX-ST. He served as President of Spirit of Enterprise from October 2006 to October 2008, a charity organization. Mr. Tan sits on the Financial Reporting Committee of the Institute of Certified Public Accountants in Singapore. Mr. Tan also sits on the boards of Chosen Holdings Limited, Raffles Education Corporation Limited, YHI International Limited and Pertama Holdings Limited, all being companies listed on the SGX-ST.

Mr. Kong Siu Chee,

aged 66, was appointed to our Board on 30 November 2006. He is also the chairman of the Remuneration Committee and a member of the Nominating Committee and the Investment Committee. Mr. Kong obtained a bachelor's degree in arts from the University of Hong Kong ("HKU") in November 1969 and a master degree in business administration from the Chinese University of Hong Kong in December 1980. He is an associate of The Chartered Institute of Bankers in the United Kingdom. Mr. Kong began his career in 1969 with Standard Chartered Bank, where he served in various managerial positions for 24 years. In 1993, he pursued his new business interest in the telecommunications sector and was a director of Champion Technology Holdings Limited from 1993 to 1994 and a director of Kantone U.K. Ltd. from 1994 to 1996. Between 1999 and 2005, he served as a director, Executive Vice President and Alternate Chief Executive Officer of CITIC Ka Wah Bank Limited (renamed as CITIC Bank International Limited in May 2010), and was also a director and the Managing Director of CITIC International Financial Holdings Limited from 2002 to 2005.

Mr. Lam Bing Lun Philip,

aged 69, was appointed to our Board on 30 November 2006. He is also the chairman of the Investment Committee and a member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the Company.

Mr. Lam obtained a diploma in management studies from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in July 1974. He is a fellow of The Chartered Institute of Management Accountants (U.K.), an associate of The Certified Management Accountants (Canada), The Institute of Chartered Secretaries and Administrators, The Chartered Institute of Bankers and the Hong Kong Institute of Certified Public Accountants.

Mr. Lam began his career in 1963 with Hang Seng Bank Limited. He first joined HKU in 1975 and had served as the Director of Finance since 1990 till his retirement in June, 2012. He also spent 3 years in Canada from 1982 to 1985, where he served as the Chief Accountant and Comptroller in the Overseas Bank Canada. From 2001 to 2010, he was also a director of Enterpriseasia Limited, a company formerly listed on the London Stock Exchange.

Mr. Lam is active in community affairs and had served as a member on the board of review of the Hong Kong Inland Revenue Department for 3 years from 1995 to 1998. Since the early 1990s, he also served as a member of the Establishment and Finance Committee of the Prince Philip Dental Hospital in Hong Kong until his retirement from the University on June 30, 2012. He is now appointed as Senior Advisor to the Vice-Chancellor of HKU since July, 2012 onwards. Currently, he is also a member of the Finance & Administration Committee, Investment Committee and a member of the board of governors of the Canadian International School of Hong Kong. He is also an Executive Director of Chinney Alliance Group Ltd, which is listed on the main board of HKEx (Stock Code: 385) since August, 2012.

Mr. Zhang Hao,

aged 53, was appointed to our Board on 13 February 2012. He is a member of the Audit Committee and the Investment Committee. He is currently the vice director and part-time professor of the Yangtze River Basin Development Institute of the East China Normal University. Mr. Zhang graduated from the Department of Economics of the Nanjing University in August 1990. He then obtained a master degree in business administration from the Shanghai Jiaotong University in March 2005. He had previously served in various departments of the provincial government of the People's Republic of China for over 29 years. From August 1981 to August 1996, he worked first as the senior staff member in the Planning Commission of Chongming County and then as the superintendent of the Seawall Project Management of Chongming County. From August 1996 to December 2010, he held various positions including as a senior staff member of the Cooperation Office of the Shanghai Municipal Government, a cadre of the department of district and county economy of the Shanghai Municipal Development Planning Commission and a senior staff member for the department of district and county economy of the Shanghai Municipal Development and Reform Commission.

Mr. E Hock Yap,

aged 57, was appointed to our Board on 29 May 2012. He is the chairman of the Nominating Committee and a member of the Remuneration Committee. He obtained a bachelor's degree in Chemical Engineering at the University of Sheffield, United Kingdom in 1978. He is also a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. He started his career with the London office of KPMG as an auditor specializing in insolvency from August 1978 to May 1983. From May 1983 to January 1987, he worked at Chase Manhattan Bank as an investment banker and in various investment banks in the region. He later took up management roles in several financial services companies in the Asia Pacific Region. He served as the Chief Executive Officer and as the Managing Director of Prime Credit Limited during the period from August 1999 to December 2007. He currently runs an investment company which invests in emerging markets. Mr. Yap had also served as an independent non-executive director of SRE Group Limited during the period from 28 September 2004 to 29 May 2012.

SENIOR MANAGEMENT

Ms. Liu Suyin,

aged 56, joined our Group in 2007. She is currently a Vice-President of our Company as well as the Chairman of SGLD and is responsible for overseeing the Luodian Project. Ms. Liu obtained a master's degree in business administration from Asia International Open University (Macau) in November 2006. She joined the SRE in 2002 and was a member of the senior management of various subsidiaries of SRE principally responsible for overseeing property development projects and hotel management until she joined our Group in 2007. She was appointed as a committee member of the 6th Baoshan District Political Consultative Committee on 30 December 2009.

Ms. Zuo Xin,

aged 29, has been re-designated from General Manager to Assistant President of the Company with effect from 30 November 2010. Ms. Zuo has been the General Manager of New Town (China) Trading Co. Ltd. since June 2010. Prior to that, she had 3 years of experience in auditing, as senior auditor at Ernst & Young Shanghai. Previously, she also worked in premier banking at HSBC-Shanghai and public relations at PORTS China Shanghai Office. Ms. Zuo holds master degree in fashion business from Polimoda in Italy and bachelor degree of accounting and finance in University of Sydney. She is the spouse of Mr. Shi Janson Bing and the daughter-in-law of Mr. Shi Jian.

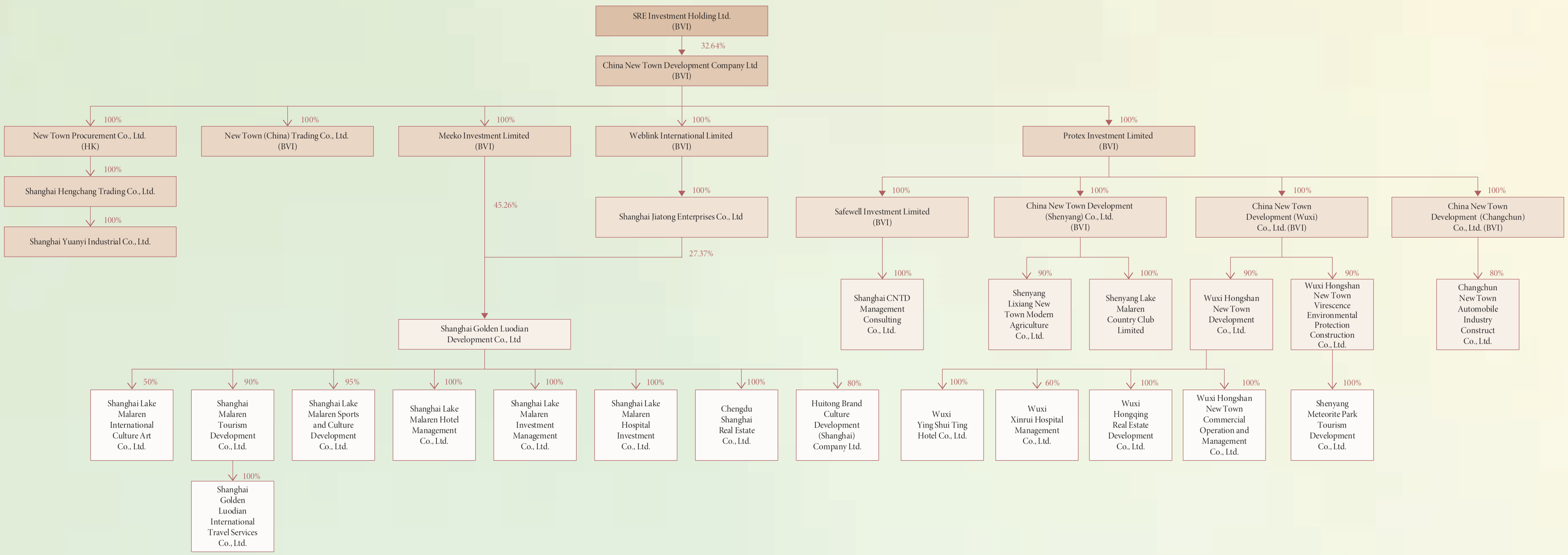
Mr. Yu Songmin,

aged 30, has been re-designated from Vice General Manager to Assistant President, Deputy Director of the Company with effect from 30 November 2010. He has been appointed as General Manager of Shanghai Golden Luodian Development Co., Ltd ("SGLD") since October 2011. Mr. Yu joined the Group in 2009 and has been a Vice General Manager of SGLD since October 2009. Prior to that, he was a property analyst of Ellenton Capital from 2006 to 2008. Mr. Yu holds master degree in finance from Imperial College London, UK and bachelor degree in finance from Lancaster University, UK.

Mr. Cai Lijun,

aged 33, joined the Company as Financial Vice President since July 2010. He was appointed as Chief Financial Officer of the Company since 1 August 2012. Mr. Cai obtained a bachelor degree of economics from Shanghai University of Finance and Economics in 2002. He is a member of the International Certified Internal Auditor. He has ten years of experience in international accounting, auditing and internal audit. He started his career with Baker Tilly China as an auditor specializing in statutory audit from January 2003 to December 2004. From January 2005 to June 2010, he worked at PricewaterhouseCoopers Shanghai Ltd. as Audit Manager and was responsible for IPO projects, HKIFRS audit and US integrated audit. He provided professional audit and financial analysis services to various global industry sectors.

Group Structure



1 Except as otherwise expressly stated, all companies within the group are incorporated in the People's Republic of China.

2 Except as otherwise expressly stated, all companies in this corporate structure are wholly-owned by their respective holding companies.

3 Name of accounting firm of the significant subsidiaries as defined in Rule 717 of Listing Manual.

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

Note: Local accounting firms are engaged to carry out audits, in accordance with PRC accounting and reporting standards for annual PRC statutory audit. These audits are mainly for annual business registration and tax reporting purposes.

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

The Board has reviewed its corporate governance practices and confirmed that the Company has complied with all principles and guidelines as set out in the Code of Corporate Governance 2012 (the "Singapore Code") and the code provisions of the Corporate Governance Code and Corporate Governance Report (the "HK Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx") (the "Listing Rules") (the HK Code together with the Singapore Code are collectively referred to as the "Codes") throughout the financial year ended 31 December 2012 (the "Financial Year") except for Guideline 10.3 of the Singapore Code and Code Provision C.1.2 of the HK Code regarding monthly performance updates to directors of the Company (the "Directors") for the reasons that, after careful consideration, the management considered that quarterly updates by way of detailed financial results announcement is sufficient for Directors to understand and well note the business performance of the Company. Furthermore, the Company has a unique business model with major revenue arise from land sales. Such sales are expected to be executed in relatively long spans of time given the application of land auctions is required to be in line with the government's land grant quota and schedule. Details of each land sale together with its implication on the Company's performance would be timely communicated to the Directors at early stage and announcements in relation to land auctions will be published immediately after listing and completion of sale of land use rights.

BOARD MATTERS

The Board

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

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

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

The attendance records of the Directors at the meetings of the Board, the Board Committees and the Annual General Meeting ("AGM") for the Financial Year are set out below:

	Attendance/Number of Meetings (during director's tenure)					
Name	**Board Meeting**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**	**Investment Committee**	**AGM**
Executive Directors						
Shi Jian	4/6	–	–	–	–	1/1
Li Yao Min	6/6	–	–	–	–	1/1
Yue Wai Leung Stan	6/6	–	–	–	–	1/1
Shi Janson Bing	6/6	–	–	–	–	1/1
Song Yiqing	6/6	–	–	–	–	1/1
Gu Biya	6/6	–	–	–	–	1/1
Mao Yiping	6/6	–	–	–	–	1/1
Yang Yonggang	6/6	–	–	–	–	1/1
Qian Yifeng	6/6	–	–	–	–	1/1
Independent Non-executive Directors						
Henry Tan Song Kok (Lead)	6/6	5/5	–	1/1	1/1	1/1
Lam Bing Lun Philip	6/6	5/5	2/2	1/1	1/1	1/1
Kong Siu Chee	6/6	–	2/2	1/1	1/1	1/1
Loh Weng Whye[1]	2/2	2/2	2/2	1/1	1/1	1/1
Zhang Hao[2]	4/5	2/3	–	–	0/0	1/1
E Hock Yap[3]	2/2	–	0/0	0/0	–	–

1 *Mr. Loh Weng Whye retired as an INED and ceased as the chairman of the Nominating Committee and a member of the Audit Committee, the Remuneration Committee and the Investment Committee on 30 April 2012.*

2 *Mr. Zhang Hao was appointed as an INED on 13 February 2012 and a member of the Audit Committee and the Investment Committee on 30 April 2012.*

3 *Mr. E Hock Yap was appointed as an INED, the chairman of the Nominating Committee and a member of the Remuneration Committee on 29 May 2012.*

Apart from regular Board meetings, the Chairman also held a meeting with INEDs without the presence of Executive Directors during the Financial Year.

Delegation by the Board

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

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

Corporate Governance Functions

The Board is responsible for performing the functions set out in Code Provision D.3.1 of the HK Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules and written guidelines for securities transactions by employees of the Company, and the Company's compliance with the Codes and disclosure in this Corporate Governance Report.

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

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

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

Board Composition and Balance

As at 31 December 2012, the Board comprised fourteen (14) members: nine (9) Executive Directors and five (5) INEDs. The Board is able to exercise independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues and no individual or small group should be allowed to dominate the Board's decision making.

The list of Directors and positions held by each Director is set out in the Report of the Directors on pages 42 to 43 of this Annual Report. The INEDs are expressly identified in all corporate communications pursuant to the Listing Rules.

During the Financial Year, the Board at all times met the requirements of having at least three INEDs with at least two INEDs possessing appropriate professional qualifications or accounting or related financial management expertise being appointed under the Codes.

The criterion of independence is based on the definition given in the Codes and Rule 3.13 of the Listing Rules. The Board considers an "independent" director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers who can interfere, or be reasonably perceived to interfere, with the exercise of independent judgment of the conduct of the Group's affairs by director.

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

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

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

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

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

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

Profiles of the Directors and other relevant information are set out on pages 18 to 23 of this Annual Report.

Induction and Training of Directors

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

The Directors confirmed that they have complied with the Code Provision A.6.5 of the HK Code effective from 1 April 2012 on Directors' training. During the Financial Year, all Directors have participated in continuous professional development by attending seminars, in-house briefing or reading materials on the following topics to develop and refresh their knowledge and skills and provided their records of training to the Company.

Name of Director	Topics of training covered [Note]
Shi Jian	1,2,4
Li Yao Min	1,2,4
Yue Wai Leung Stan	1,2,3,4
Shi Janson Bing	1,2,4
Gu Biya	1,2,4
Mao Yiping	1,2,4
Yang Yonggang	1,2,4
Song Yiqing	1,2,3,4
Qian Yifeng	1,2,4
Henry Tan Song Kok	1,2,3
Lam Bing Lun Philip	1,2,3
Kong Siu Chee	1,2,3
Zhang Hao	1,2,4
E Hock Yap	1,2,3

Note: 1 Corporate governance
2 Regulatory updates
3 Finance and accounting
4 Industry updates

NOMINATION MATTERS

Board Membership and Nominating Committee

The Nominating Committee ("NC") comprises three members, all of whom including the Chairman are INEDs. The chairman and members of the NC during the Financial Year were as follows:

Mr. E Hock Yap – Chairman (appointed on 29 May 2012)
Mr. Lam Bing Lun Philip – Member
Mr. Kong Siu Chee – Member
Mr. Loh Weng Whye – Chairman (retired on 30 April 2012)

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

1. review the structure, size and composition (including skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

2. identify, review and assess individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

3. assess the independence of Directors, in particular INEDs, on an annual basis; and

4. make recommendations to the Board having regard to the Director's contribution and performance (for instance, attendance, preparedness, participation and candour) on relevant matters relating to the appointment or re-appointment of Directors (including INEDs) in accordance with the Company's Article of Association and succession planning for Directors in particular the chairman of the Board and the CEO.

The Company has received written annual confirmation from each Director and reviewed the independence of each INED pursuant to the definition provided by the Codes and the Listing Rules. None of the INEDs served on the Board for more than nine years from the dates of their first appointment.

The NC has reviewed the training and professional development programs participated by the Directors and Company Secretaries. The NC has also reviewed each Director's time of involvement in the Company and considered that it is appropriate taking into consideration of the Directors' board representations held in other listed companies and other major appointments or principal commitments.

Appointment, Re-election and Removal of Directors

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

During the Financial Year, the NC assessed the skills, knowledge and experience of Mr. Zhang Hao and Mr. E Hock Yap, INEDs appointed during the Financial Year and unanimously recommended to the Board for their appointment as INEDs. Both Mr. Zhang and Mr. Yap did not participate in deliberation on their own appointment.

Appointment letters were issued to Mr. Zhang Hao and Mr. E Hock Yap on 13 February 2012 and 18 May 2012 respectively in connection with their appointment as INEDs and its terms are set out in the Report of the Directors.

Apart from Mr. Zhang Hao and Mr. E Hock Yap, the Company also executed appointment letter with each of the INEDs and its terms are set out in the Report of the Directors.

Mr. Shi Jian, Mr. Li Yao Min, Ms. Gu Biya, Mr. Yang Yonggang and Ms. Song Yiqing will be retiring by rotation pursuant to Article 86 of the Company's Articles of Association and Mr. E Hock Yap will be retiring in accordance with Article 85(7) of the Company's Articles of Association at the forthcoming AGM. The retiring Directors are eligible for re-election at the forthcoming AGM. The NC recommends re-election of the retiring Directors after assessing their contribution and performance.

Board Performance

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

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

The NC has an annual Board performance evaluation to assess the effectiveness of the Board as a whole and the contribution of individual Directors to the effectiveness of the Board by having the Directors complete a questionnaire. The processes identify weaker areas where improvements can be made. The Board and individual Directors can thus direct more effort in those areas to further enhance the effectiveness of the Board.

Access to Information

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

Notice of routine Board meetings is served to all Directors at least 14 days before the meetings. For ad-hoc Board and committee meetings, reasonable notice period is provided.

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

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

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

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") comprises four members, all of whom including the Chairman are INEDs. The chairman and members of the RC during the Financial Year were as follows:

Mr. Kong Siu Chee – Chairman
Mr. Lam Bing Lun Philip – Member
Mr. Henry Tan Song Kok – Member
Mr. E Hock Yap – Member (appointed on 29 May 2012)
Mr. Loh Weng Whye – Member (retired on 30 April 2012)

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

1. implement and administer any performance incentive schemes of the Company;

2. make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; and

3. review and determine the specific remuneration packages for all Executive Directors and senior management.

Level and Mix of Remuneration

The RC makes recommendations to the Board on remuneration packages of the Executive Directors and senior management taking into account the performance of the Group, as well as the pay and employment conditions in the same industry and comparable companies, while aligning the Executive Directors' interests with those of shareholders and linking rewards to corporate and individual performance.

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

The remuneration of the Executive Directors and the key senior executives comprises a basic salary component and a variable component. The variable component comprises a variable bonus linking to the Company's and individual performance and other variable components including the grant of share options. Details of the remuneration of Directors are set out in the Report of the Directors.

The annual review of the remuneration packages of the Directors is carried out by the RC and recommendation if any is made to the Board with an aim to ensure the remuneration of the Executive Directors and senior management is commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group. No Director should involve in deciding his/her own remuneration.

During the Financial Year, the RC met to review and recommend the remuneration of the Executive Directors and fees payable to INEDs.

Disclosure on Remuneration

Details of the Directors' and top 5 key executives' remuneration paid or payable for the Financial Year are set out below:

Directors	Fixed Salaries	Bonus	Directors' Fees	Other Allowances	Band Notes
Executive Directors					
Shi Jian	100%				Band A
Li Yao Min	100%				Band B
Yue Wai Leung Stan	100%				Band B
Shi Janson Bing	100%				Band A
Gu Biya	100%				Band B
Mao Yiping	100%				Band B
Yang Yonggang	100%				Band A
Song Yiqing	87%			13%	Band B
Qian Yifeng	100%				Band A
Independent Non-executive Directors					
Henry Tan Song Kok			100%		Band A
Lam Bing Lun Philip			100%		Band A
Kong Siu Chee			100%		Band A
Zhang Hao			100%		Band A
E Hock Yap			100%		Band A

The exchange rate is calculated on monthly average basis.

Top 5 Key Executives	Fixed Salaries	Bonus	Other Allowances	Band Notes
Tai Kuo Lin *(Vice President)*	100%			Band A
Cai Lijun *(CFO)*	100%			Band A
Kao Sianhong *(Assistant President, General Manager)*	100%			Band A
Wu Joming *(General Manager)*	100%			Band A
Pun Pak Ho *(Corporate Finance Manager)*	100%			Band A

The exchange rate is calculated on monthly average basis.

Notes:

1. Remuneration band

   Band A: Below S$250,000
   Band B: S$250,000 or more

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

3. Details of the remuneration of the Directors are set out in the financial statements for the Financial Year from pages 116 to 118 of this Annual Report.

Other than the father and son relationship between Mr. Shi Jian and Mr. Shi Janson Bing whose remuneration have been disclosed in directors' remuneration above, the remuneration of Ms. Zuo Xin, the spouse of Mr. Shi Janson Bing and the daughter-in-law of Mr. Shi Jian, for the Financial Year was between the band of S$50,000 and S$100,000.

ACCOUNTABILITY AND AUDIT

Accountability

The Board aims to ensure that the quarterly and annual financial statements and results announcements are presented in a manner which provides a balanced and understandable assessment of the Group's performance, position and prospect. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Financial Year.

The financial statements for the Financial Year have been prepared in accordance with the International Financial Reporting Standards and give a true and fair view of the state of affairs including operations and finances of the Group and of the Company and effective risk management and sound internal control systems are in place. The Board has received assurance confirming the same from CEO and Chief Financial Officer.

Audit Committee

The Audit Committee ("AC") comprises three members, all of whom including the Chairman are INEDs. The chairman and members of the AC during the Financial Year were as follows:

Mr. Henry Tan Song Kok – Chairman
Mr. Lam Bing Lun Philip – Member
Mr. Zhang Hao – Member (appointed on 30 April 2012)
Mr. Loh Weng Whye – Member (retired on 30 April 2012)

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

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

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

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

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

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

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

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

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

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

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

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

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

During the Financial Year, the AC has reviewed the scope and quality of audit by the Company's external auditor, Ernst & Young ("EY") and the independence and objectivity of EY as well as the cost effectiveness. The AC also reviewed the service fee to EY. The Company engaged EY for non-audit services in reviewing the Company's Enterprise Risk Management during the Financial Year. The details of audit service fee and non-audit services fee to EY for the financial years ended 31 December 2011 and 2012 are set out below:

RMB'000	**2012**	**2011**
Audit service fee	3,650	3,550
Non-audit services fee	189	–
Total	3,839	3,550

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

The Company's annual results for the Financial Year have been reviewed by the AC.

EY's audit opinion on the consolidated financial statements of the Group for the Financial Year is set out in the "Independent Auditors' Report" on page 54 of this Annual Report.

The AC is satisfied that the Company's external auditor, EY is able to meet the audit obligations of the Company and recommends to the Board the re-appointment of EY as the Company's external auditor subject to the approval of the shareholders at the forthcoming AGM of the Company.

The Group has appointed different external auditors for its subsidiaries in PRC in order to meet its local statutory regulations. The Board and AC are satisfied that the appointment does not compromise the standard and effectiveness of the audit of the Company.

Whistle Blowing Policy

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

Throughout the Financial Year, there was no whistle blowing report received.

Risk Management

The Board engaged EY to perform an exercise to facilitate its review of the Company's existing risk management processes, including processes for identification and assessment of business risks and the appropriate measures to be taken to mitigate these risks. The Enterprise Risk Assessment has been completed and the results of the exercise as well as the key principles and structures of the potential Enterprise Risk Management ("ERM") framework of the Company have brought to the attention of the AC and Directors.

The Management regularly reviews the Group's business and operational activities to identify areas of potential business risk as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and will highlight any significant potential matters to the Board and the AC.

Internal Control

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board is responsible for the overall internal controls system and risk management of the Group, and for reviewing the adequacy and integrity of those systems on an annual basis.

The AC reviews the Group's system of internal controls, including financial, operational and compliance controls, and risk management policies and systems established by the management. This ensures that such systems are sound and adequate to provide reasonable assurance of the integrity, effectiveness and efficiency of the Company in safeguarding shareholders' investments and the Company's assets.

The system of internal controls provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Board believes that further improvements can be performed in the current internal control systems and the Company is continuously working towards enhancing the Group's internal control systems.

Based on the internal control systems and ERM framework established and maintained by the Group, work performed by the internal auditors and reviews performed by the management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal control systems addressing financial, operational and compliance risks were adequate as at 31 December 2012.

Internal Audit

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets, the AC has also appointed Shanghai Dongzhou Zhengxin Certified Public Accountants to enhance our internal controls. The internal auditors' reports to the Chairman of the AC on any material weakness and risks identified in the course of the audit are also communicated to the management. The management will accordingly update the AC the status of the remedial action plans.

The AC reviews and approves the annual internal audit plans and reviews the scope and the results of the internal audit according to the procedures issued by the internal auditor.

INVESTMENT MATTERS

The Investment Committee ("IC") comprises four members, all of whom including the Chairman are INEDs. The chairman and members of the IC during the Financial Year were as follows:

Mr. Lam Bing Lun Philip – Chairman
Mr. Kong Siu Chee – Member
Mr. Henry Tan Song Kok – Member
Mr. Zhang Hao – Member (appointed on 30 April 2012)
Mr. Loh Weng Whey – Member (retired on 30 April 2012)

The IC performs the following main functions:

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

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

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

4. review the shares purchase, redemption or other share acquisition activities to be conducted by the Company.

COMPANY SECRETARIES

Ms. Low Siew Tian and Ms. Kwok Yu Ching of Tricor WP Corporate Services Pte Ltd and Tricor Services Limited respectively, the external service providers, have been engaged by the Company as Joint Company Secretaries during the Financial Year. Their primary contact person at the Company during the Financial Year was Mr. Li Yao Min, the Co-chairman of the Board and the CEO of the Company.

Ms. Kwok Yu Ching resigned as the Joint Company Secretary and Ms. Chan Sau Ling was appointed by the Board as the Joint Company Secretary in replacement of Ms. Kwok Yu Ching on 8 February 2013. Details of the said change of Joint Company Secretary were set out in the Company's announcement dated 7 February 2013.

COMMUNICATION WITH SHAREHOLDERS

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

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

The Company's Articles of Association allows a member entitled to attend and vote at the meeting of the Company to appoint one or more proxies to attend and vote on behalf of him/her and also provides that a proxy need not be a member of the Company. Voting in absentia by facsimile or email is not currently permitted to ensure proper authentication of the identity of shareholders and their voting intentions. The Company's Memorandum & Articles of Association was not altered during the Financial Year.

The Chairmen of the AC, RC, NC and IC are usually available at the Company's AGM to answer any questions from the shareholders relating to the work of these Committees. The Company's external auditor is invited to attend the Company's AGM and will assist the Directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

During the Financial Year, notice of at least 20 clear business days was given to the shareholders for the 2012 AGM held on 30 April 2012. Sufficient notice was given in accordance with the Company's Articles of Association, the laws of British Virgin Islands, the SGX Listing Manual and the HK Code.

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantial issue at shareholders' meetings, including the election of individual Director. All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company, SGX-ST and HKEx after each shareholder meeting.

The Company organises briefings and meetings with analysts and fund managers to provide them a better understanding of the businesses. In addition, the Company also appointed Aries Consulting Limited as its investor relations consultant to promote investor awareness for the Company.

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

Shareholders and potential investors are welcome to communicate with the Company or put forward enquiries to the Board by any of the following ways:

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

SHAREHOLDERS' RIGHT TO CONVENE AND PUT FORWARD PROPOSALS AT EXTRAORDINARY GENERAL MEETING

Pursuant to the Company's Articles of Association, extraordinary general meetings may be convened by the Board on requisition of shareholders in writing holding not less than one-twentieth of the total voting rights of the matter for which the meeting is being requested. The written requisition shall be made to the Board or the company secretaries of the Company at the business address or registered office address which are set out in Corporate Information of this Annual Report, to request an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

COMPLIANCE WITH MODEL CODE AND SECURITIES TRADING

The Company has adopted the Model Code and Rule 1207(19) of the SGX Listing Manual as the code of conduct regarding securities transactions by Directors. The Directors have confirmed, following specific enquiries by the Company that they have complied with the required standard set out in the Model Code and SGX Listing Manual throughout the Financial Year.

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

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

MATERIAL CONTRACTS

Save as the service agreements between the Directors and the Company, there were no material contracts entered by the Company or its subsidiaries involving the interests of the CEO, any Director or controlling shareholders subsisting at the end of the Financial Year.

CONCLUSION

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

The directors of the Company (the "Directors") are pleased to present the Annual Report together with the audited consolidated financial statements for the financial year ended 31 December 2012 (the "Financial Year").

PRINCIPAL ACTIVITIES

The Group is mainly engaged in large-scale new town planning and development in PRC. The principal activities of its principal subsidiaries are set out in note 3 to the audited consolidated financial statements on page 84 of this Annual Report.

RESULTS AND APPROPRIATIONS

The Group's results for the Financial Year are set out in the consolidated statement of comprehensive income on page 55 of this Annual Report.

The Directors resolved not to recommend any payment of final dividend for the Financial Year.

RESERVES

Movements in the reserves of the Group and the Company during the Financial Year are set out in note 22 to the audited consolidated financial statements on page 111 of this Annual Report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Financial Year are set out in note 21 to the audited consolidated financial statements on page 111 of this Annual Report.

PRE-EMPTIVE RIGHTS

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

TAXATION IN THE BRITISH VIRGIN ISLANDS ("BVI")

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

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

DONATIONS

During the Financial Year, the Group made donations of RMB1 million to Shanghai Service Industries Development & Research Foundation and RMB1 million to Smile Angel Foundation.

FIXED ASSETS

Details of the movements of the Group during the Financial Year for:

– Investment properties are set out in note 14 to the audited consolidated financial statements on page 103 of this Annual Report

– Property, plant and equipment are set out in note 13 to the audited consolidated financial statements on page 102 of this Annual Report

GROUP FINANCIAL SUMMARY

A summary of the results of the Group for the Financial Year is set out from page 14 to page 17 of this Annual Report.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Financial Year.

MOVEMENT IN SECURITIES

On 13 July 2012, a total of 585,000,000 new ordinary Shares were privately placed to not less than six placees. The net proceeds from the private placement were approximately HK$202 million.

On 27 November 2012, a total of 7,357,500 new ordinary Shares were issued to entitled persons who exercised the 5th tranche of share options vested under the Management Grant (defined under the section headed "The Management Grant" below).

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has maintained a sufficient public float as required under the Listing Rules during the Financial Year. The details are set out in the Analysis of Shareholdings on page 128 of this Annual Report.

DIRECTORS

The Directors of the Company in office during the Financial Year were:

Executive Directors

Shi Jian
Li Yao Min
Yue Wai Leung Stan
Shi Janson Bing
Gu Biya
Song Yiqing
Mao Yiping
Yang Yonggang
Qian Yifeng

Independent Non-executive Directors

Henry Tan Song Kok	
Loh Weng Whye	(Retired on 30 April 2012)
Lam Bing Lun Philip	
Kong Siu Chee	
Zhang Hao	(Appointed on 13 February 2012)
E Hock Yap	(Appointed on 29 May 2012)

At the forthcoming Annual General Meeting ("AGM"), Mr. Shi Jian, Mr. Li Yao Min, Ms. Gu Biya, Mr. Yang Yonggang and Ms. Song Yiqing will be retiring by rotation pursuant to Article 86 of the Company's Articles of Association and Mr. E Hock Yap will be retiring in accordance with Article 85(7) of the Company's Articles of Association. The retiring Directors are eligible for re-election at the forthcoming AGM. The Nominating Committee recommends re-election of the retiring Directors after assessing their contribution and performance.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out from page 18 to page 23 of this Annual Report.

MANAGEMENT CONTRACTS

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

DIRECTOR'S INTEREST IN COMPETING BUSINESS

From the beginning of the year of 2012 to the date of this Annual Report, none of the Directors is considered to have an interest in the businesses, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

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

Save as disclosed above and under the section headed "Interested Person Transactions" and "Continuing Connected Transactions" of this Annual Report, none of the Directors, chief executives (direct or indirectly), subsidiaries of the Company or controlling shareholder of the Company and its subsidiaries has entered into any significant contract with the Group during the Financial Year.

MAJOR CUSTOMERS AND SUPPLIERS

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

During the Financial Year, purchases from our single largest supplier accounted for approximately 29% of our total purchases, while purchases from our five largest suppliers accounted for approximately 64% of our total purchases. The Directors were not aware of any interests of any Directors, their associates or any substantial shareholder (including any Director who held more than 5% of the Company's issued share capital) in the 5 largest suppliers or customers.

PENSION SCHEMES

In Hong Kong, we operate a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of our employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to our profit and loss account as they become payable. Our contributions as employer vest fully with the employees when we contribute to the scheme. We contribute 5% of the relevant monthly salary to such scheme and our employees contribute the lower of HK$1,250 or 5% of their monthly salary to such scheme as employee mandatory contributions.

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

Details of the employer's pension cost for the Financial Year are set out in note 28 of the audited consolidated financial statements on page 116 of this Annual Report.

CORPORATE GOVERNANCE

The Corporate Governance Report for the Financial Year is set out from page 25 to page 40 of this Annual Report.

INTERESTED PERSON TRANSACTIONS

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

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

	Year Ended 31 December 2012	
Name of interested person	**Aggregate value of all IPTs during the Financial Year (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RMB'000)**	**Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (RMB'000)**
SRE Group Limited	10,428	–

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

The Company did not enter into any renewal agreement with SLMPM as at the date of this Annual Report.

CONNECTED TRANSACTIONS

The Company did not enter into any transaction within the meaning of Connected Transaction under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HK Listing Rules") during the Financial Year.

CONTINUING CONNECTED TRANSACTIONS

Pursuant to the Property Management Agreement under the section headed "Interested Person Transactions" above, the management fee payable by SGLD to SLMPM for the three years ended 31 December 2010, 2011 and 2012 did not exceed RMB9.9 million, RMB10.5 million and RMB10.5 million respectively.

The HKEX has granted a waiver to the Company from strict compliance with the Announcement requirement.

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

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

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

(2) on normal commercial terms; and

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

The Company did not enter into any renewal agreement with SLMPM as at the date of this Annual Report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

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

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2012, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the HK Listing Rules were as follows:

(a) Long Position in shares of the Company

Name of Director	Number of Ordinary Shares Personal Interests	Family Interests	Corporate Interests	Total	Approximate Percentage of the Issued Share Capital
Shi Jian	6,104,938	1,090[(1)]	1,468,356,862[(2)]	1,474,462,890	32.78%
Li Yao Min	8,352,672	–	–	8,352,672	0.19%
Yue Wai Leung Stan	5,332,500	–	–	5,332,500	0.12%
Gu Biya	3,000,000	–	–	3,000,000	0.07%
Mao Yiping	2,475,000	–	–	2,475,000	0.06%
Yang Yonggang	5,100,000	–	–	5,100,000	0.11%
Henry Tan Song Kok	100,000	–	–	100,000	0.002%

(1) These 1,090 Shares were held by Ms. Si Xiao Dong, the spouse of Mr. Shi Jian.

(2) These 1,468,356,862 Shares were held by SRE Investment Holding Limited ("SREI"). As Mr. Shi Jian and his spouse, Ms. Si Xiao Dong together beneficially own 63% of the issued share capital of SREI, Mr. Shi is therefore taken to be interested in these 1,468,356,862 Shares.

(b) Long Position in underlying shares of the Company

Pursuant to the Management Grant of the Company, all granted share options to certain Directors have been vested and exercised during the Financial Year. The details of the Management Grant are set out under the section headed "The Management Grant" below.

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

SRE Group Limited ceased to be an associated corporation of the Company within the meaning of Part XV of the SFO after the distribution by way of dividend in specie of the Shares by SRE Group Limited to its shareholders on 3 October 2012.

During the period from the end of the Financial Year to 21 January 2013, there was no change in any of the above mentioned interests. Except as disclosed in this Annual Report, no Director who held office as at the end of the Financial Year had interests in shares, share options, warrants or debentures of the Company, or its associated corporations, either as at the beginning of the Financial Year, or on the date of appointment if later, or as at the end of the Financial Year.

Save as disclosed above, as at 31 December 2012, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code or which were required to be entered in the register required to be kept under Section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

Save as disclosed below, the Directors are not aware of any other person (other than a Director or chief executive of the Company or his/her respective associate(s)) who, as at 31 December 2012, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Section 336 of the SFO:

Long Position in the shares of the Company

Name of Substantial Shareholder	Number of Ordinary Shares Personal Interests	Family Interests	Corporate Interests	Total	Approximate Percentage of the Issued Share Capital
Shi Jian[(1)]	6,104,938	1,090	1,468,356,862	1,474,462,890	32.78%
SREI[(1)]	–	–	1,468,356,862	1,468,356,862	32.64%

Note:

(1) Duplicate to those disclosed under the section headed "Securities Interests of Directors and Chief Executive" above.

CNTD SHARE OPTION SCHEME (THE "SCHEME")

(a) Purpose of the Scheme

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

(b) Participants and Eligibility

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

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

(c) Maximum Number of Shares Available for Subscription

The Company shall not grant share options in aggregate exceed 449,819,867 shares of the Company, representing 10.0% of the total number of shares in issue as at the date of this Annual Report, unless the Company obtains an approval from its shareholders.

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

(d) Maximum Entitlement of Shares of Each Participant

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

(e) Period for Taking up an Option

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

(f) Minimum Period for Holding an Option before Exercise

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

(g) Amount Payable on Acceptance of the Option

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

(h) Exercise Price

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

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

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

(i) Duration of the Scheme

The Scheme shall be valid and effective for a period of 10 years commenced since the adoption date of 3 September 2010. During the Financial Year, no option of the Company or any corporation in the Group was granted under the Scheme.

DIRECTORS RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

Name of Director	Date of service agreement(s)/ appointment letter(s)	Term	Fixed annual remuneration	Termination notice period/ payment in lieu of notice
Executive Directors				
Shi Jian	7 October 2010	22 October 2010 to 21 October 2013	HKD1 million	6 months
Li Yao Min(4)	7 October 2010	22 October 2010 to 21 October 2013	HKD2 million	6 months
Yue Wai Leung Stan(1)(3)	24 June 2011	1 July 2011 to 21 October 2013	HKD240,000 and increased to HKD3 million with effect from 1 July 2011	6 months
Shi Janson Bing(3)	7 October 2010	22 October 2010 to 21 October 2013	HKD1 million plus RMB260,000	6 months
Song Yiqing(3)	7 October 2010	22 October 2010 to 21 October 2013	HKD1.56 million with housing allowance of HKD300,000 plus RMB650,000	6 months
Gu Biya(3)	7 October 2010	22 October 2010 to 21 October 2013	HKD1.5 million plus RMB260,000	6 months
Mao Yiping(3)	7 October 2010	22 October 2010 to 21 October 2013	HKD1.5 million plus RMB260,000	6 months
Yang Yonggang(3)	7 October 2010	22 October 2010 to 21 October 2013	HKD800,000 plus RMB130,000	6 months
Qian Yifeng(3)	20 October 2011	20 October 2011 to 19 October 2014	HKD600,000	6 months
Independent Non-executive Directors				
Henry Tan Song Kok	7 October 2010	22 October 2010 to 21 October 2013	SGD80,000 plus a meeting allowance of SGD2,800	1 month
Loh Weng Whye(2)	7 October 2010	22 October 2010 to 21 October 2013	SGD70,000 plus a meeting allowance of SGD2,800	1 month
Lam Bing Lun Philip	7 October 2010	22 October 2010 to 21 October 2013	SGD70,000 plus a meeting allowance of SGD2,800	1 month
Kong Siu Chee	7 October 2010	22 October 2010 to 21 October 2013	SGD70,000 plus a meeting allowance of SGD2,800	1 month
Zhang Hao	13 February 2012	13 February 2012 to 21 October 2013	HKD260,000	1 month
E Hock Yap	18 May 2012	29 May 2012 to 21 October 2013	HKD330,000	1 month

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

(2) Mr. Loh Weng Whye retired as an Independent Non-executive Director with effect from 30 April 2012.

(3) *The remuneration of Mr. Yue Wai Leung Stan, Mr. Shi Janson Bing, Ms. Song Yiqing, Ms. Gu Biya, Mr. Mao Yiping, Mr. Yang Yonggang and Mr. Qian Yifeng has been reduced by 10% for the period commencing from 1 January 2012 to 31 March 2013 and the 13-month base pay remains unchanged. This decision was determined with reference to the Company's performance and profitability, as well as the remuneration benchmark in the industry and the prevailing market conditions.*

(4) *The remuneration of Mr. Li Yao Min has been reduced to HKD1.5 million with effect from 1 September 2012. The decision was determined with reference to the Company's performance and profitability, as well as the remuneration benchmark in the industry and the prevailing market conditions.*

RIGHTS TO SUBSCRIBE FOR SHARES

(i) The Management Grant

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

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

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

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

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

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

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

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

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

On 27 November 2012, a total of 7,357,500 new Shares were issued to the Entitled Persons. No share option is outstanding under the Management Grant.

Number of shares subject to options under the Management Grant

Name of entitled persons	Share options granted	Movement during the Financial Year: As at 1.1.2012	Granted	Exercised	Cancelled	Lapsed	As at 31.12.2012	Share options exercisable as at 31.12.2012	Aggregate unreleased share options
Directors									
Li Yao Min	5,925,000	4,147,500	–	1,777,500	–	–	5,925,000	–	–
Yue Wai Leung Stan	5,925,000	3,555,000	–	1,777,500	–	–	5,332,500	–	–
Gu Biya	3,000,000	2,100,000	–	900,000	–	–	3,000,000	–	–
Mao Yiping	2,475,000	1,732,500	–	742,500	–	–	2,475,000	–	–
Yang Yonggang	5,100,000	3,570,000	–	1,530,000	–	–	5,100,000	–	–
Employees									
Tai Kuo-lin	1,875,000	1,312,500	–	562,500	–	–	1,875,000	–	–
Sun Xiaomeng	225,000	157,500	–	67,500	–	–	225,000	–	–

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

In addition to the information disclosed elsewhere in this Annual Report, during the Financial Year:

(a) The RC administering the Management Grant and the Scheme comprised Mr. Kong Siu Chee, Mr. Lam Bing Lun Philip, Mr. Henry Tan Song Kok and Mr. E Hock Yap.

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

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

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

(ii) Options to Take Up Unissued Shares

During the Financial Year, no option to take up unissued Shares or any corporation in the Group except under the Management Grant and no option was granted.

(iii) Options Exercised

On 27 November 2012, a total of 7,357,500 new ordinary Shares were issued to entitled persons who exercised the 5th tranche of share options vested under the Management Grant.

(iv) Unissued Shares

As at the end of the Financial Year, there was no unissued Share under the Management Grant nor the Scheme.

USE OF PLACING PROCEEDS

All proceeds from the private placing had been used for land development of the Company. Please refer to detailed information published in the Announcement dated 13 July 2012 of the Company.

AUDIT COMMITTEE

The Audit Committee (the "AC") comprises the following members:

Henry Tan Song Kok	*(Lead Independent Non-executive Director and Chairman of the AC)*
Lam Bing Lun Philip	*(Independent Non-executive Director)*
Loh Weng Whye	*(Independent Non-executive Director) (retired on 30 April 2012)*
Zhang Hao	*(Independent Non-executive Director) (appointed on 30 April 2012)*

The AC has recommended to the Board the nomination of Ernst and Young ("EY") for re-appointment as the Company's external auditor at the forthcoming AGM of the Company.

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

AUDITORS

The consolidated financial statements for the Financial Year have been audited by EY who will retire and, being eligible, offer themselves for re-appointment at the 2013 AGM. A resolution to re-appoint EY as the external auditor of the Company and to authorise the Directors to fix their remuneration will be proposed at the 2013 AGM.

On behalf of the Board

Shi Jian
Executive Chairman

Li Yao Min
Co-Chairman & Chief Executive Officer

20 March 2013

Statement by Directors

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

a. The consolidated financial statements of the Group and the financial statements of the Company together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and of the results and changes in equity and cash flows of the Group and the changes in the equity of the Company for the financial year ended on that date; and

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

On behalf of the Board of Directors

Shi Jian
Chairman

Li Yao Min
Co-Chairman

20 March 2013

Independent Auditors' Report

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

We have audited the consolidated financial statements of China New Town Development Company Limited (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated and company statements of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and of the Group as at 31 December 2012, and the Group's performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
20 March 2013

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2012

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

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
Revenue	6	**934,954**	640,532
Cost of sales	7	**(568,052)**	(303,665)
Gross profit		**366,902**	336,867
Other income	6	**15,216**	26,355
Selling and distribution costs	7	**(117,839)**	(161,369)
Administrative expenses	7	**(131,562)**	(136,055)
Other expenses	6	**(31,219)**	(222,544)
Fair value gain/(loss) on completed investment properties	14	**61,606**	(24,107)
Fair value gain/(loss) on investment properties under construction	14	**161**	(9,264)
Operating profit/(loss)		**163,265**	(190,117)
Finance costs	8	**(81,155)**	(48,648)
Share of profit/(loss) from jointly-controlled entities	4(b)	**280**	(891)
Profit/(loss) before tax		**82,390**	(239,656)
Income tax	9	**(36,657)**	6,476
Profit/(loss) after tax		**45,733**	(233,180)
Other comprehensive income		**–**	–
Total comprehensive income		**45,733**	(233,180)
Profit/(loss) attributable to:			
Owners of the parent		**14,441**	(200,727)
Non-controlling interests		**31,292**	(32,453)
		45,733	(233,180)
Total comprehensive income attributable to:			
Owners of the parent		**14,441**	(200,727)
Non-controlling interests		**31,292**	(32,453)
		45,733	(233,180)
Earnings/(loss) per share attributable to ordinary equity holders of the parent (RMB per share):	12		
Basic earnings/(loss) per share		**0.0035**	(0.0514)
Diluted earnings/(loss) per share		**0.0034**	(0.0514)

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

Statements of Financial Position

As at 31 December 2012

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

	Notes	Group 31 December 2012	Group 31 December 2011	Company 31 December 2012	Company 31 December 2011
Assets					
Non-current assets					
Investments in subsidiaries	3	**–**	–	**2,591,259**	2,591,259
Investment in an associate	4(a)	**200**	200	**–**	–
Investments in jointly-controlled entities	4(b)	**49,703**	39,109	**–**	–
Property, plant and equipment	13	**1,518,089**	1,324,933	**78**	134
Completed investment properties	14	**739,900**	684,000	**–**	–
Investment properties under construction	14	**105,400**	100,000	**–**	–
Prepaid land lease payments	15	**251,479**	239,555	**–**	–
Non-current prepayments	18	**–**	510,000	**–**	–
Non-current trade receivables	19	**56,683**	69,903	**–**	–
Deferred tax assets	9	**117,622**	131,823	**–**	–
Other assets		**46,473**	47,475	**–**	–
Total non-current assets		**2,885,549**	3,146,998	**2,591,337**	2,591,393
Current assets					
Land development for sale	16	**5,177,168**	4,998,936	**–**	–
Properties under development for sale	17	**1,605,279**	994,202	**–**	–
Prepaid land lease payments	15	**782,990**	796,890	**–**	–
Inventories		**5,610**	4,922	**–**	–
Amounts due from subsidiaries		**–**	–	**502,036**	398,545
Prepayments	18	**179,469**	38,668	**–**	–
Other receivables	18	**239,058**	32,595	**–**	2
Trade receivables	19	**444,547**	65,432	**66**	–
Prepaid income tax		**7,150**	–	**–**	–
Cash and bank balances	20	**434,267**	537,387	**23,404**	9,349
Total current assets		**8,875,538**	7,469,032	**525,506**	407,896
Total assets		**11,761,087**	10,616,030	**3,116,843**	2,999,289
Equity and liabilities					
Equity					
Owners of the parent:					
Share capital	21	**2,980,809**	2,801,180	**2,980,809**	2,801,180
Other reserves	22	**579,270**	591,731	**1,912,683**	1,925,144
Accumulated losses		**(889,899)**	(904,340)	**(1,972,078)**	(1,937,702)
		2,670,180	2,488,571	**2,921,414**	2,788,622
Non-controlling interests		**570,367**	537,075	**–**	–
Total equity		**3,240,547**	3,025,646	**2,921,414**	2,788,622

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

		Group		Company	
	Notes	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Non-current liabilities					
Interest-bearing bank and other borrowings	23	**1,948,458**	2,383,100	**–**	–
Deferred income from sale of golf club membership	24	**503,388**	521,885	**–**	–
Deferred tax liabilities	9	**25,816**	21,151	**–**	–
Total non-current liabilities		**2,477,662**	2,926,136	**–**	–
Current liabilities					
Interest-bearing bank and other borrowings	23	**1,235,627**	757,243	**192,127**	162,253
Trade payables	25	**2,629,615**	2,086,912	**–**	–
Other payables and accruals	25	**695,231**	602,570	**3,302**	3,704
Amounts due to related parties	26	**1,369**	53,548	**–**	44,710
Advances from customers	27	**348,732**	46,906	**–**	–
Deferred income arising from land development	24	**595,783**	594,968	**–**	–
Current income tax liabilities		**536,521**	522,101	**–**	–
Total current liabilities		**6,042,878**	4,664,248	**195,429**	210,667
Total liabilities		**8,520,540**	7,590,384	**195,429**	210,667
Total equity and liabilities		**11,761,087**	10,616,030	**3,116,843**	2,999,289
Net current assets		**2,832,660**	2,804,784	**330,077**	197,229
Total assets less current liabilities		**5,718,209**	5,951,782	**2,921,414**	2,788,622

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

Director *Director*

Statements of Changes in Equity

For the financial year ended 31 December 2012

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

Group

	Notes	Equity attributable to equity holders of the parent						
		Share capital	Treasury shares	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
As at 1 January 2011	21/22	2,778,853	–	608,807	(641,653)	2,746,007	551,519	3,297,526
Total comprehensive income		–	–	–	(200,727)	(200,727)	(32,453)	(233,180)
Equity-settled share options to management	22/28	–	–	5,249	–	5,249	–	5,249
Shares issued upon exercise of management share options granted under Management Stock Option Plan ("Management Grant")	21/22	22,327	–	(22,325)	–	2	–	2
Capital contribution from non-controlling interests of subsidiaries		–	–	–	–	–	18,009	18,009
Dividends	10	–	–	–	(61,960)	(61,960)	–	(61,960)
As at 31 December 2011	21/22	2,801,180	–	591,731	(904,340)	2,488,571	537,075	3,025,646
Total comprehensive income		–	–	–	14,441	14,441	31,292	45,733
Equity-settled share options to management	22/28	–	–	2,423	–	2,423	–	2,423
Shares issued upon exercise of management share options granted under Management Grant	21/22	14,885	–	(14,884)	–	1	–	1
Capital contribution from non-controlling interests of subsidiaries		–	–	–	–	–	2,000	2,000
Placing of 585,000,000 new shares		164,744	–	–	–	164,744	–	164,744
Dividends	10	–	–	–	–	–	–	–
As at 31 December 2012	21/22	2,980,809	–	579,270	(889,899)	2,670,180	570,367	3,240,547

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

Company

	Notes	Share capital	Treasury shares	Other reserves	Accumulated losses	Total
As at 1 January 2011	21/22	2,778,853	–	1,942,220	(1,679,381)	3,041,692
Total comprehensive income	11	–	–	–	(196,361)	(196,361)
Equity-settled share options to management	22/28	–	–	5,249	–	5,249
Shares issued upon exercise of management share options granted under Management Grant	21/22	22,327	–	(22,325)	–	2
Dividends	10	–	–	–	(61,960)	(61,960)
As at 31 December 2011	21/22	2,801,180	–	1,925,144	(1,937,702)	2,788,622
Total comprehensive income	11	–	–	–	(34,376)	(34,376)
Equity-settled share options to management	22/28	–	–	2,423	–	2,423
Shares issued upon exercise of management share options granted under Management Grant	21/22	14,885	–	(14,884)	–	1
Placing of 585,000,000 new shares		164,744	–	–	–	164,744
Dividends	10	–	–	–	–	–
As at 31 December 2012	21/22	2,980,809	–	1,912,683	(1,972,078)	2,921,414

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

Consolidated
Statement of Cash Flows

For the financial year ended 31 December 2012

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

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
Cash flows from operating activities			
Profit/(loss) before tax		**82,390**	(239,656)
Adjustments for:			
Depreciation of property, plant and equipment	13	**55,139**	54,408
Amortisation of prepaid land lease payments	15	**7,463**	4,158
Loss on disposal of property, plant and equipment		**235**	–
Loss on disposal of a jointly-controlled entity		**2,066**	–
Fair value (gain)/loss on completed investment properties	14	**(61,606)**	24,107
Fair value (gain)/loss on investment properties under construction	14	**(161)**	9,264
Share of (profit) /loss from jointly-controlled entities	4(b)	**(280)**	891
Impairment loss of property, plant and equipment		**15,990**	–
Management share option expense	22	**2,423**	5,249
Interest income	6	**(6,047)**	(17,559)
Interest expense	8	**81,155**	48,648
Exchange loss/(gain)		**5,411**	(8,046)
		184,178	(118,536)
Decrease/(increase) in land development for sale		**(104,021)**	(1,376,981)
Decrease/(increase) in properties under development for sale		**(509,505)**	(855,743)
Increase in prepaid land lease payments		**–**	(476,947)
Decrease/(increase) in inventories		**(688)**	(890)
Decrease/(increase) in prepayments		**133,226**	215,487
Decrease/(increase) in other receivables and assets		**(205,461)**	336,840
Decrease/(increase) in trade receivables		**(365,895)**	443,812
Decrease/(increase) in prepaid income tax		**(7,150)**	–
Increase/(decrease) in deferred income from sale of golf club membership		**(18,497)**	(16,291)
Increase/(decrease) in deferred income arising from land development		**815**	(300,702)
Increase/(decrease) in advances from customers		**301,826**	41,383
Increase/(decrease) in trade and other payables		**567,595**	1,174,221
Increase/(decrease) in amounts due to related parties		**(869)**	2,238
Net cash outflow from operating activities		**(24,446)**	(932,109)

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

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
Cash flows from investing activities			
Purchases/construction of property, plant and equipment		**(168,707)**	(644,081)
Refund of prepayments for property, plant and equipment		**235,974**	–
Proceeds from disposal of property, plant and equipment		**315**	272
Payments for land use rights		**(13,973)**	–
Payments for investment properties		**(7,555)**	(66,312)
Disposal of a jointly-controlled entity		**5,000**	–
Investments in jointly-controlled entities		**(19,500)**	(40,000)
Interest received		**6,047**	17,559
Net cash inflow/(outflow) from investing activities		**37,601**	(732,562)
Cash flows from financing activities			
Capital contributions from non-controlling shareholders of subsidiaries		**2,000**	18,009
Cash received upon exercise of management share options granted under Management Grant	22	**–**	2
Cash proceeds from placing of new shares of the Company		**164,744**	–
Proceeds from bank and other borrowings		**703,541**	1,278,600
Repayment of bank borrowings		**(660,899)**	(300,000)
Proceeds from borrowings from related parties		**–**	151,310
Repayment of borrowing from a related party		**(56,721)**	(100,000)
Cash (placed as)/released from restricted deposits in relation to interest payments for bank borrowings		**(15,000)**	24,000
Interest paid		**(268,940)**	(160,800)
Dividends paid		**–**	(61,960)
Payments of expenses incurred for the listing of existing shares		**–**	(4,152)
Net cash (outflow)/inflow from financing activities		**(131,275)**	845,009
Net decrease in cash and cash equivalents		**(118,120)**	(819,662)
Cash and cash equivalents at beginning of year		**347,387**	1,167,049
Cash and cash equivalents at end of year	20	**229,267**	347,387

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

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

1. CORPORATE INFORMATION

Corporate information

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

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

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

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

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

Subsidiaries

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

2.1 BASIS OF PREPARATION

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

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2012. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.1 BASIS OF PREPARATION (continued)

Operating cycle

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

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRSs effective as at 1 January 2012:

IAS 12	Income Taxes (Amendment) – Deferred Tax: Recovery of Underlying Assets
IFRS 1	First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
IFRS 7	Financial Instruments: Disclosures (Amendment) – Transfers of Financial Assets

The adoption of the standards is described below:

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

The amendment clarifies the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and has had no significant effect on the Group's financial statements.

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

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

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

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

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

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

In the process of applying the Group's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

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

Estimates and assumptions

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

(i) Estimate of fair value of investment properties

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

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

For details of change in fair values of investment properties and investment properties under construction in 2012, please see Note 14.

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

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

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

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

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

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

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

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

(iii) Deferred tax assets and liabilities

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

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

(iv) Impairment of receivables

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

For details of the estimated impairment of receivables, please see Note 18.

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

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

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

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

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

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

(vi) Measurement of revenue from land development

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

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

According to the negotiation with local government in November 2012 and a subsequent letter from local authorities, the percentage of the land sale proceeds that the Group is entitled to on the sale of land plots in the Luodian New Town in 2011 and 2012 was increased by approximately 8.5 percentage points. However, such increase may not be applicable for land plots sold in future.

Accordingly, in 2012, the Group revised its estimated entitlement to the land sale proceeds from the land plot sold in 2011, and accounted for such increase in its entitlement prospectively in 2012. The change resulted in the following pre-tax impact on the financial statements as of 31 December 2012 and for the year then ended.

	As of 31 December 2012 and for the year then ended
Increase in revenue for the year	**44,258**
Increase in deferred income arising from land development as of 31 December 2012	**1,763**
Increase in cash and bank balances as of 31 December 2012	**46,021**

Since such change in its estimated entitlement to land sale proceeds occurred in 2012 and was accounted for prospectively, the Group's consolidated financial statements for the year ended 31 December 2011 were not affected.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

Investment in an associate

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

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date less any impairment losses. Goodwill, if any, relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

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

The Group's share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

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

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

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

Investments in jointly-controlled entities

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in jointly-controlled entities (continued)

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

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

Financial assets

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

(b) Loans and receivables

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

(c) Held-to-maturity investments

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

(d) Available-for-sale financial investments

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value of financial instruments

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

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

Impairment of financial assets

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

(a) Assets carried at amortised cost

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

(b) Available-for-sale financial investments

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

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

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

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

Derecognition of financial assets

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities at amortised cost

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

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

Financial liabilities at fair value through profit or loss

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

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

Convertible bonds

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

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

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

Property, plant and equipment and depreciation

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

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

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

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

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

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

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

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

Land development for sale

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

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

Properties under development for sale

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

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

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

Operating leases

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

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

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

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

Inventories

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

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

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

Provisions

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

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

Revenue recognition

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

Revenue from land development for sale

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

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

Sale of development properties

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

Hotel operations revenue

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Golf course operations revenue

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

Golf club membership revenue

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

Operating lease income

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

Property management revenue

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

Interest income

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

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, which is generally when the shareholders approve the dividend.

Borrowing costs

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Treasury shares

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

Income tax

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

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

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

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

Dividends

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

Employee retirement benefits

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

Share-based payments

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

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

Contingencies

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

Government grants

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

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendments affect presentation only and are expected to have no significant impact on the Group's financial position or performance. The amendments become effective for annual periods beginning on or after 1 July 2012.

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

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IAS 19 Employee Benefits (Revised)

IAS 19 (revised) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. It is expected that the amendments would have no significant impact on the Group's financial statements. The amended standard becomes effective for annual periods beginning on or after 1 January 2013.

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

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

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are expected to have no significant impact on the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 1 Government Loans – Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendments are effective for annual periods on or after 1 January 2013 and are expected to have no significant impact on the Group's financial statements.

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments are expected to have no significant impact on the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 10 Consolidated Financial Statements and IAS 27 (revised) Separate Financial Statements

These standards become effective for annual periods beginning on or after 1 January 2013.

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

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in the original IAS 27. Currently, it is expected that IFRS 10 would have no significant impact on the Group's financial statements.

IFRS 11 Joint Arrangements

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

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly-controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. Currently, it is expected that the new standard would have no significant impact on the Group's financial statements.

IFRS 12 Disclosure of Interests in Other Entities

This standard becomes effective for annual periods beginning on or after 1 January 2013. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but it is currently expected that IFRS 12 would have no significant impact on the Group's financial position or performance.

IFRS 13 Fair Value Measurement

This standard becomes effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. Currently, it is expected that the new standard would have no significant impact on the Group's financial position or performance.

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

IFRIC 20 becomes effective for annual periods beginning on or after 1 January 2013. This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of a mine. The interpretation addresses the accounting for the benefit from the stripping activity. Currently, it is expected that the new interpretation would have no significant impact on the Group's financial statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance

These amendments become effective for annual periods beginning on or after 1 January 2013. These amendments clarify the transition guidance in IFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between IFRS 10 and IFRS 27 or SIC-12 at the beginning of the annual period in which IFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. Currently, it is expected that the amendments would have no significant impact on the Group's financial position or performance.

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

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities

These amendments become effective for annual periods beginning on or after 1 January 2014. The amendments to IFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the defnition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27. The amendments to IFRS 12 also set out the disclosure requirements for investment entities. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Annual Improvements 2009-2011 Cycle (issued in May 2012)

The Annual Improvements to IFRSs 2009-2011 Cycle sets out amendments to a number of IFRSs. The amendments become effective from 1 January 2013. There are separate transitional provisions for each amended standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are currently expected to have a significant impact on the Group's financial position or performance.

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

3. INVESTMENTS IN SUBSIDIARIES

Company

	Notes	31 December 2012	31 December 2011
Unlisted shares, at cost		**2,024,561**	2,024,561
Less: Allowance for impairment	(a)	**(787,000)**	(787,000)
Advances to subsidiaries, net	(c)	**1,353,698**	1,353,698
		2,591,259	2,591,259

(a) As at 31 December 2012 and 2011, the Company reassessed the impairment on the investment in SGLD and determined that the carrying amount (net of allowance for impairment) was close to the recoverable amount (the value in use based on estimated future cash flows discounted at a rate of 13% per annum (2011: 12% per annum)). As a result, the Company neither further provided for nor reversed the impairment loss in the Company's separate financial statements for the years ended 31 December 2012 and 2011.

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

(b) As at 31 December 2012 and 2011, the Group's direct or indirect interests in all subsidiaries are set out below:

Directly held by the Company

Name	Place and date of incorporation	Cost of investment	Proportion of ownership interest (%) 2012	Proportion of ownership interest (%) 2011	Principal activities
Meeko Investment Limited ("Meeko")	British Virgin Islands 19 August 2005	1,230,300	100	100	Investment holding
Weblink International Limited	British Virgin Islands 17 November 2005	794,261	100	100	Investment holding
Protex Investment Limited	British Virgin Islands 18 October 2006	–	100	100	Investment holding
New Town (China) Trading Co., Ltd.	British Virgin Islands 31 July 2007	–	100	100	Investment holding
New Town Procurement Co., Ltd.	Hong Kong Special Administrative Region 27 January 2011	–	100	100	Investment holding
		2,024,561			

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

3. INVESTMENTS IN SUBSIDIARIES (continued)

(b) As at 31 December 2012 and 2011, the Group's direct or indirect interests in all subsidiaries are set out below: (continued)

Indirectly held by the Company

Ultimately held through	Name	Place and date of incorporation/ establishment and issued capital	Proportion of ownership interest (%) 2012	Proportion of ownership interest (%) 2011	Effective equity interest (%) 2012	Effective equity interest (%) 2011	Principal activities
Meeko Investment Limited and Weblink International Limited	SGLD[1]	PRC 26 September 2002 RMB548,100,000	72.63	72.63	72.63	72.63	Land development
	Shanghai Lake Malaren Sports and Culture Co., Ltd. (Formerly named: Shanghai Lake Malaren Golf Club Co., Ltd.)	PRC 6 July 2004 RMB5,000,000	95	95	69	69	Golf club management
	Shanghai Lake Malaren Investment Management Co., Ltd. (Formerly named: Shanghai Junyihui Entertainment Co., Ltd.)	PRC 28 July 2005 RMB1,680,000	100	100	72.63	72.63	Investment management
	Shanghai Lake Malaren Hotel Management Co., Ltd.	PRC 25 April 2006 RMB5,000,000	100	100	72.63	72.63	Hotel management
	Shanghai Lake Malaren Hospital Investment Co., Ltd. (Formerly named: Shanghai Luodian Infrastructure Development Co., Ltd.)	PRC 16 March 2009 RMB200,000,000	100	100	72.63	72.63	Hospital investment and health consultation
	Shanghai Lake Malaren Tourism Development Co., Ltd.	PRC 29 December 2009 RMB3,000,000	90	90	65.37	65.37	Travelling information and wedding etiquette service
	Shanghai Golden Luodian International Travel Services Co., Ltd.	PRC 18 June 2010 RMB1,000,000	100	100	65.37	65.37	Travel service
	Chengdu Shanghai Real Estate Co., Ltd.	PRC 20 December 2010 RMB20,000,000	100	100	72.63	72.63	Real estate development
	Huitong Brand Culture Development (Shanghai) Co., Ltd.	PRC 9 May 2012 RMB10,000,000	80	–	58.1	–	Brand development

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

3. INVESTMENTS IN SUBSIDIARIES (continued)

(b) As at 31 December 2012 and 2011, the Group's direct or indirect interests in all subsidiaries are set out below: (continued)

Indirectly held by the Company (continued)

Ultimately held through	Name	Place and date of incorporation/ establishment and issued capital	Proportion of ownership interest (%)		Effective equity interest (%)		Principal activities
			2012	2011	2012	2011	
Weblink International Limited	Shanghai Jia Tong Enterprises Co., Ltd. ("Shanghai Jiatong")	PRC 12 April 2006 RMB1,000,000	100	100	100	100	Consultation services
Protex Investment Limited	China New Town Development (Changchun) Company Limited	British Virgin Islands 7 September 2006	100	100	100	100	Investment holding
	China New Town Development (Wuxi) Company Limited	British Virgin Islands 18 October 2006	100	100	100	100	Investment holding
	China New Town Development (Shenyang) Company Limited	British Virgin Islands 18 October 2006	100	100	100	100	Investment holding
	Safewell Investment Limited	British Virgin Islands 14 February 2007	100	100	100	100	Investment holding
	Wuxi Hongshan New Town Development Co., Ltd. ("Wuxi Hongshan")	PRC 6 March 2007 RMB355,271,457	90	90	90	90	Land development
	Shenyang Lixiang New Town Modern Agriculture Co., Ltd. (Formerly named: Shenyang Lixiang New Town Development Co., Ltd.)	PRC 6 March 2007 RMB747,667,000	90	90	90	90	Land development
	Shanghai CNTD Management Consulting Co., Ltd.	PRC 21 June 2007 RMB1,513,000	100	100	100	100	Enterprise investment consultation
	Wuxi Hongshan New Town Virescence Environmental Protection Construction Co., Ltd.	PRC 17 August 2007 RMB372,204,000	90	90	90	90	Planting, maintenance and management of scenic spots in the Wuxi Project

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

3. INVESTMENTS IN SUBSIDIARIES (continued)

(b) As at 31 December 2012 and 2011, the Group's direct or indirect interests in all subsidiaries are set out below: (continued)

Indirectly held by the Company (continued)

Ultimately held through	Name	Place and date of incorporation/ establishment and issued capital	Proportion of ownership interest (%) 2012	2011	Effective equity interest (%) 2012	2011	Principal activities
	Wuxi Hongqing Real Estate Development Co., Ltd. ("Wuxi Hongqing")	PRC 27 April 2010 RMB8,000,000	100	100	90	90	Real estate development
	Changchun New Town Automobile Industry Construct Co., Ltd.	PRC 15 November 2007 RMB220,267,000	80	80	80	80	Land development
	Shenyang Lake Malaren Country Club Co., Ltd.	PRC 6 March 2008 RMB17,704,000	100	100	100	100	Sports management
Protex Investment Limited	Shenyang Meteorite Park Tourism Development Co., Ltd. (Formerly named: Shenyang Lixiang New Town Virescence Environmental Protection Construction Co., Ltd.)	PRC 13 March 2008 RMB340,050,000	100	100	90	90	Landscaping, and plant maintenance and management of scenic spots
	Wuxi Hongshan New Town Commercial Operation and Management Co., Ltd.	PRC 18 March 2008 RMB1,000,000	100	100	90	90	Business management
	Wuxi Ying Shui Ting Hotel Co., Ltd.	PRC 24 August 2012 RMB100,000	100	–	90	–	Hotel management
New Town Procurement Co., Ltd.	Shanghai Hengchang Trading Co., Ltd.	PRC 9 May 2011 USD500,000	100	100	100	100	Procurement management
	Shanghai Yuanyi Industrial Co., Ltd.	PRC 2 August 2011 RMB3,000,000	100	100	100	100	Procurement management

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

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

3. INVESTMENTS IN SUBSIDIARIES (continued)

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

	Note	31 December 2012	31 December 2011
Amounts due from:			
China New Town Development (Shenyang) Co., Ltd.		**690,897**	690,897
China New Town Development (Wuxi) Co., Ltd.		**658,053**	658,053
China New Town Development (Changchun) Co., Ltd.		**176,320**	176,320
New Town Procurement Co., Ltd.		**3,235**	3,235
Safewell Investment Limited		**1,513**	1,513
Less: Impairment	(d)	**(176,320)**	(176,320)
		1,353,698	1,353,698

(d) Since Changchun New Town Automobile Industry Co., Ltd ("CCJV"), a subsidiary, made a full provision of RMB191 million (2011: RMB199 million) against the outstanding balance of receivable arose from the terminated land development in Changchun, as mentioned in Note 18(b), CCJV incurred a significant loss and it was unable to repay the advances to it made by the Company. As a result, the Company, after performing an impairment assessment on the advances to CCJV recognised, a full impairment allowance amounting to RMB176 million in its own separate financial statements for the year ended 31 December 2011. Such allowance for impairment, as reported in the Company's separate financial statements, did not affect the consolidated financial statements, as the advances to subsidiaries have been fully eliminated upon consolidation and all operating results of CCJV were included in the consolidated financial statements.

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

4. INVESTMENT IN AN ASSOCIATE AND INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

(a) Investment in an associate

Group	31 December 2012	31 December 2011
Share of net assets:		
Balance at beginning and end of the year	**200**	200

Details of the associate are as follows:

Name	Place and date of establishment	Proportion of ownership interest attributable to the Group (%) 31 December 2012	Proportion of ownership interest attributable to the Group (%) 31 December 2011	Effective equity interest attributable to the Group (%) 31 December 2012	Effective equity interest attributable to the Group (%) 31 December 2011	Issued and paid-up capital	Authorised share capital	Principal activity
Shanghai Malaren Lake Artwork Exhibition Co., Ltd.	PRC 25 April 2006	**20**	20	**14.53**	14.53	RMB1 million	RMB1 million	Artwork exhibition

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

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

4. INVESTMENT IN AN ASSOCIATE AND INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (continued)

(b) Investments in jointly-controlled entities

(i) During the year ended 31 December 2012, the Group disposed of its entire 50% interest in Shanghai Lake Malaren International Culture Art Co., Ltd., a jointly-controlled entity engaged in the artwork business.

	15 October 2012
Net assets disposed of	**9,186**
Loss on disposal of a jointly-controlled entity (Note 6)	**2,066**
Satisfied by cash	**5,000**
Satisfied by inventory	**2,120**
	9,186

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

	31 December 2011
Share of the jointly-controlled entity's statement of financial position:	
Current assets	8,232
Non-current assets	958
Current liabilities	(3)
Non-current liabilities	–
Net assets	9,187
Share of the jointly-controlled entity's revenue and loss:	
Revenue	167
Cost of sales	–
Selling and administrative expenses, net of other income	(981)
Loss before tax	(814)
Income tax expense	–
Loss after tax	(814)

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

4. INVESTMENT IN AN ASSOCIATE AND INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (continued)

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

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

The Group's share of the assets and liabilities as at 31 December 2012 and income and expenses of the jointly-controlled entity for the year ended 31 December 2012 are as follows:

	31 December 2012	31 December 2011
Share of the jointly-controlled entity's statement of financial position:		
Current assets	**3,253**	29,922
Non-current assets	**46,450**	–
Current liabilities	**–**	–
Non-current liabilities	**–**	–
Net assets	**49,703**	29,922
Share of the jointly-controlled entity's revenue and loss:		
Administrative expenses	**(49)**	(91)
Other income	**329**	14
Profit/(loss) before tax	**280**	(77)
Income tax expense	**–**	–
Profit/(loss) after tax	**280**	(77)

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

5. OPERATING SEGMENT INFORMATION

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

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

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

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

Land development revenue from the Group's share of proceeds from land sales (including related public utility fees, if any) by local authorities accounted for 76% in Shanghai and 8% in Wuxi (2011: 75% in Shanghai and 10% in Wuxi) of the revenue in the year ended 31 December 2012.

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

5. OPERATING SEGMENT INFORMATION (continued)

An analysis by operating segment is as follows:

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

1 Inter-segment sales are eliminated on consolidation.

2 Profit for each operating segment does not include finance costs (RMB81,155 thousand).

3 Assets in segments do not include investments in an associate and jointly-controlled entities (RMB49,903 thousand), and deferred tax assets (RMB117,622 thousand) as these assets are managed on a group basis.

4 Liabilities in segments do not include current income tax payables (RMB536,521 thousand), interest-bearing bank and other borrowings (RMB3,184,085 thousand), amount due to related parties (RMB1,369 thousand) and deferred tax liabilities (RMB25,816 thousand) as these liabilities are managed on a group basis.

5 Capital expenditure consists of additions to prepaid land lease payments (non-current portion) (RMB18,988 thousand), property, plant and equipment (RMB240,835 thousand), and completed investment properties and investment properties under construction (RMB23,533 thousand).

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

5. OPERATING SEGMENT INFORMATION (continued)

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

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

1 Inter-segment sales are eliminated on consolidation.

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

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

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

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

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

6. REVENUE, OTHER INCOME AND OTHER EXPENSES

Revenue

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

Other income

	Year ended 31 December 2012	Year ended 31 December 2011
Foreign exchange gain, net	**–**	8,298
Interest income	**6,047**	17,559
Gain on disposal of property, plant and equipment	**–**	9
Government subsidies	**705**	–
Reversal of bad debt provision – other receivables (Note 18)	**8,120**	–
Others	**344**	489
	15,216	26,355

Other expenses

	Year ended 31 December 2012	Year ended 31 December 2011
Foreign exchange loss, net	**5,139**	–
Bank charges	**3,712**	1,683
Donation	**2,070**	–
Loss on disposal of a jointly-controlled entity	**2,066**	–
Bad debt provision – other receivables (Note 18)	**–**	220,589
Impairment loss of property, plant and equipment	**15,990**	–
Others	**2,242**	272
	31,219	222,544

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

7. EXPENSES BY NATURE

	Year ended 31 December 2012	Year ended 31 December 2011
Cost of land development	**430,764**	229,924
Cost of property development	**42,698**	–
Depreciation of property, plant and equipment	**55,139**	54,408
Amortisation of prepaid land lease payments	**7,463**	4,158
Audit fees and non-audit fees	**4,089**	3,805
Audit fees		
– Auditor of the Company	**3,650**	3,550
– Other auditors	**185**	107
Non-audit fees		
– Auditor of the Company	**189**	–
– Other auditors	**65**	148
Employee benefits	**86,653**	70,127
Cost of inventories	**27,974**	19,796
Utility expenses	**16,881**	17,328
Property tax, stamp duty and land use tax	**11,169**	14,639
Commission to agents for sale of golf club membership	**3,309**	1,472
Expense incurred for international golf tournament	**38,171**	99,456
Advertising	**37,550**	22,396
Others	**55,593**	63,580
Total cost of sales, selling and distribution costs and administrative expenses	**817,453**	601,089

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

8. FINANCE COSTS

	Year ended 31 December 2012	Year ended 31 December 2011
Interest on bank loans and other borrowings wholly repayable within five years	**203,027**	107,834
Interest on bank loans and other borrowings not wholly repayable within five years	**67,013**	56,356
Less: Interest capitalised	**(188,885)**	(115,542)
	81,155	48,648

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

9. INCOME TAX

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

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

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

The principal operating subsidiaries of the Company were subject to income tax at the rate of 25% (2011: 25%) on their taxable income according to the Income Tax Law of the PRC.

Mainland China land appreciation tax ("LAT")

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

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

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

9. INCOME TAX (continued)

Mainland China Withholding Tax

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

Pursuant to the resolution of board of directors of the Company, part of PRC subsidiaries' profit generated since its establishment will be retained by PRC subsidiaries for use in future operations or investments. In the opinion of the directors, it is probable that the temporary differences relating to the profits that are not expected to be distributed will not reverse in the foreseeable future. The aggregate amount of unrecognised deferred tax liabilities (i.e. withholding taxes relating to such temporary differences) was approximately RMB13,093 thousand. (2011: Nil)

The major components of income tax are:

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

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

9. INCOME TAX (continued)

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

Year ended 31 December 2012

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

Year ended 31 December 2011

	CNTD and BVI companies		Mainland China		Total	
Loss before tax	(36,706)		(202,950)		(239,656)	
Tax at the statutory tax rate	–	–	(50,738)	25.0%	(50,738)	21.2%
Tax losses not recognised	–	–	3,770	-1.8%	3,770	-1.6%
Non-deductible expenses for tax purposes	–	–	38,966	-19.2%	38,966	-16.3%
Effect of withholding tax on the distributable profits of the Group's subsidiaries in Mainland China	–	–	1,526	-0.8%	1,526	-0.6%
Income tax as reported in the statement of comprehensive income	–	–	(6,476)	3.2%	(6,476)	2.7%

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

9. INCOME TAX (continued)

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

Deferred income tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	31 December 2012	31 December 2011	Year ended 31 December 2012	Year ended 31 December 2011
Deferred tax liabilities/(assets)				
Net difference between net carrying amount of prepaid land lease payments and land infrastructure under development and their tax base	**56,499**	51,950	**4,549**	3,657
Net difference between net carrying amount of property, plant and equipment and their tax base	**(31,801)**	(30,956)	**(845)**	1,763
Net difference between net carrying amount of investment properties and their tax base	**24,309**	2,237	**22,072**	(1,634)
Losses available for offsetting against future taxable income	**(42,206)**	(34,761)	**(7,445)**	(19,357)
Difference in accounting and tax bases arising from the accounting for golf club revenue and the related costs	**(111,431)**	(115,467)	**4,036**	2,783
Provision for impairment of other receivables	**(4,628)**	(4,628)	**–**	–
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in Mainland China	**21,151**	21,151	**–**	1,526
Effect of deferred LAT	**4,665**	–	**4,665**	–
Others	**(8,364)**	(198)	**(8,166)**	975
Net deferred tax assets	**(91,806)**	(110,672)		
Deferred income tax (credit)/charge			**18,866**	(10,287)
Deferred tax assets	**(117,622)**	(131,823)		
Deferred tax liabilities	**25,816**	21,151		

10. DIVIDENDS

No final dividend to the shareholders has been proposed by the Company in respect of the year ended 31 December 2012 (2011: Nil).

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

11. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

12. EARNINGS/(LOSS) PER SHARE

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

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

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

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

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

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

13. PROPERTY, PLANT AND EQUIPMENT

Group	Hotel properties	Golf operational assets	Other buildings	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
Original cost							
At 1 January 2011	725,105	599,910	75,148	59,065	42,682	154,169	1,656,079
Transfers	2,465	47,837	–	–	–	(50,302)	–
Additions	–	1,424	22	8,016	9,494	185,326	204,282
Disposals	–	–	(32)	(794)	(371)	–	(1,197)
At 31 December 2011	727,570	649,171	75,138	66,287	51,805	289,193	1,859,164
Transfers	–	53,191	–	–	–	(53,191)	–
Transfers from investment properties	24,000	–	–	–	–	–	24,000
Additions	2,120	34,770	428	9,264	1,149	193,104	240,835
Disposals	–	–	–	(5,433)	(2,202)	–	(7,635)
At 31 December 2012	753,690	737,132	75,566	70,118	50,752	429,106	2,116,364
Accumulated depreciation							
At 1 January 2011	159,096	91,510	13,154	43,787	27,627	–	335,174
Provided during the year	24,824	16,580	3,668	4,472	4,864	–	54,408
Disposals	–	–	–	(592)	(342)	–	(934)
At 31 December 2011	183,920	108,090	16,822	47,667	32,149	–	388,648
Provided during the year	25,168	17,659	3,792	2,158	6,362	–	55,139
Disposals	–	–	–	(5,014)	(2,071)	–	(7,085)
At 31 December 2012	209,088	125,749	20,614	44,811	36,440	–	436,702
Impairment							
At 1 January 2011	145,583	–	–	–	–	–	145,583
Recognised during the year	–	–	–	–	–	–	–
Reversals	–	–	–	–	–	–	–
At 31 December 2011	145,583	–	–	–	–	–	145,583
Recognised during the year	–	–	–	–	–	15,990	15,990
Reversals	–	–	–	–	–	–	–
At 31 December 2012	145,583	–	–	–	–	15,990	161,573
Net carrying amount							
At 1 January 2011	420,426	508,400	61,994	15,278	15,055	154,169	1,175,322
At 31 December 2011	398,067	541,081	58,316	18,620	19,656	289,193	1,324,933
At 31 December 2012	399,019	611,383	54,952	25,307	14,312	413,116	1,518,089

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

Impairment of property, plant and equipment

During the year ended 31 December 2012, the Group reassessed the impairment on the property, plant and equipment used in the hotel operations and conference centre in Shanghai, and determined the net carrying amounts were close to the recoverable amounts. As a result, the Group neither further recognised nor reversed the impairment loss in the Group's financial statements for the year ended 31 December 2012 for those properties. The recoverable amounts were determined based on value in use and were determined at the estimated future cash flow discounted at rates of 11% to 11.5% per annum. On the other hand, considering the suspension of construction and uncertainty of operations of the hotel under construction in Shenyang project, an impairment loss of RMB16 million was provided against the entire balance of the related construction in progress as at 31 December 2012.

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

14. COMPLETED INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER CONSTRUCTION

Group

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

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

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

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

Completed investment properties	31 December 2012	31 December 2011
Yield		
Scandinavia Street, Shanghai	**6 – 6.5%**	6.5 – 7%
Shopping mall, Shanghai	**4 – 5%**	4 – 5%
Retail Street in Wuxi Project	**4 – 5%**	4 – 5%

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

14. COMPLETED INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER CONSTRUCTION (continued)

Investment properties under construction

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

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

Description and location	Existing use	Tenure	Unexpired lease term	31 December 2012	31 December 2011
Scandinavia Street Shanghai, PRC	Retail street	Leasehold	42.8 years	**478,900**	420,000
Shopping mall Shanghai, PRC	Supermarket	Leasehold	37.0 years	**210,000**	190,000
Retail Street in Wuxi Project Wuxi, PRC	Retail street	Leasehold	34.9 years	**51,000**	74,000
				739,900	684,000

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

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

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

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

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

15. PREPAID LAND LEASE PAYMENTS

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

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

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

As at 31 December 2012, the above prepaid land lease payments included a balance of RMB782,990 thousand (2011: RMB796,890 thousand) of prepaid land lease payments held for development into properties for sale, hence they are classified as current assets.

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

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

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

16. LAND DEVELOPMENT FOR SALE

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

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

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

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

17. PROPERTIES UNDER DEVELOPMENT FOR SALE

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

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

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

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

18. PREPAYMENTS AND OTHER RECEIVABLES

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

An aged analysis of the other receivables is as follows:

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

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

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

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

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

In 2011, according to a contract signed between the Group and a third-party constructor, to construct the Wuxi Ecological Park, the Group prepaid RMB180 million to the constructor. At the subsequent request of the Group (in order to reduce construction cost), the constructor agreed to reduce the construction scale. As a result, the work was completed in 2012 at a cost of RMB53 million. According to a supplemental agreement signed in February 2013, the Group and the contractor agreed to use the unused balance of the prepayment of RMB127 million in construction of other public facilities (such as lake, greening, road, etc.) in Wuxi, hence, RMB127 million was recognized as the prepayment under the supplemental agreement.

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

18. PREPAYMENTS AND OTHER RECEIVABLES (continued)

(b) In December 2009, the Group entered into an agreement ("the 2009 Agreement") with the Changchun Auto Industry Development Zone Administrative Committee ("the Changchun Committee") to cease the land development by the Group in Changchun. Pursuant to the 2009 Agreement, although no detailed repayment schedule had been set out in the 2009 Agreement, the Changchun Committee agreed to fully repay the Group within a year from the date of the 2009 Agreement, for, firstly, the cost of construction, which shall be determined by independent qualified professional parties after conducting construction audits, and, secondly, the cost of relocation that has been incurred by the Group in accordance with the relevant relocation agreement, and compensate the Group for finance costs (including certain related miscellaneous expenditure) at an interest rate of 10% per annum based on the time elapsed since the actual date when such finance costs were incurred by the Group. In December 2010, due to the delay in construction audits and other necessary procedures, the Changchun Committee issued a letter requesting to extend the repayment of the remaining balances from the end of 2010 to no later than the end of 2011. However, up to 31 December 2011, total collections from the Changchun Committee were only approximately RMB61 million. In year 2011, the Group agreed with the Changchun Committee to offset part of the receivable with its payable of relocation cost to the Committee of RMB74 million. The remaining balance of approximately RMB199 million was still outstanding as at 31 December 2011. Since the balance was already aged for more than two years as at 31 December 2011, and the Changchun Committee failed to honour the extended repayment term and cease to co-operate with the Group in spite of all the efforts of the Group to collect the receivable, though the Group would continue to chase payments, considering these situations, hence, the Group made a full provision of RMB199 million against the outstanding balance then. In year 2012, the Group received RMB8 million from the Changchun Committee, thus the provision was reduced by the same amount. Considering the amount received in 2012 was only a small portion of the receivable, and there was no evidence that the Changchun Committee would continue to pay, full provision was continued to be made against the RMB191 million outstanding balance as at 31 December 2012.

(c) The above other receivable balances at 31 December 2012 also included an amount of RMB21 million receivable due from a third-party constructor. In December 2008, due to illegal occupation of agricultural land for the purpose of constructing a golf course, the Liaoning Department of Land and Resources established that as a case for investigation, and it issued the Administrative Penalty Decision Notice in this respect in year 2010. Though the Group has instructed the third-party constructor to stop the construction of the golf course on the agricultural land, the constructor still continued such construction and therefore the constructor agreed to compensate the Group by RMB24 million in year 2010. During the year ended 31 December 2012, no amount has been collected by the Group from the constructor (2011: Nil, 2010: RMB3 million). For the constructor with the outstanding receivables with an amount of RMB21 million, considering the fact that it is overdue for more than two year and no amount was collected from the constructor, though the Group would continue to chase payments, a full provision of RMB21 million was made in year 2011.

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

(e) The balance of other receivable as of 31 December 2012 also included a receivable of RMB129 million from a third-party contractor. In 2012, the Group entered into a contract amounting to HKD250 million with the contractor, to enhance the sports park in Shenyang. According to the contract, the Group prepaid HKD200 million (approximately RMB163 million). At the subsequent request of the Group (in order to save cost after management's reconsideration of the plan for the sports park) and after re-negotiation, the contractor agreed to reduce the construction scale. As a result, only RMB34 million was used in the construction work, and the contractor agreed to refund the remaining prepayment of RMB129 million to the Group. The RMB129 million was received in 2013.

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

19. TRADE RECEIVABLES

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

An aged analysis of the trade receivables is as follows:

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

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

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

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

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

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

20. CASH AND BANK BALANCES

	Group		Company	
	31 December 2012	**31 December 2011**	**31 December 2012**	**31 December 2011**
Cash on hand	**918**	554	**4**	4
Cash at banks	**228,349**	309,080	**23,400**	9,345
Short-term bank deposits	**–**	37,753	**–**	–
Cash and cash equivalents	**229,267**	347,387	**23,404**	9,349
Restricted bank deposits	**205,000**	190,000	**–**	–
	434,267	537,387	**23,404**	9,349

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

Included in restricted bank deposits as at 31 December 2012 are mainly amounts of RMB185 million (2011: RMB170 million) as collateral for the HK$200,140 thousand and US$4,750 thousand bank loans, and RMB20 million (2011: RMB20 million) relating to the interest.

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

RMB equivalent of the following currencies:	Group		Company	
	31 December 2012	**31 December 2011**	**31 December 2012**	**31 December 2011**
SG$	**295**	135	**295**	135
RMB	**410,811**	487,758	**–**	–
HK$	**23,064**	9,211	**23,064**	9,211
US$	**97**	40,283	**45**	3
	434,267	537,387	**23,404**	9,349

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

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

21. SHARE CAPITAL

Group and Company

	Year ended 31 December 2012		Year ended 31 December 2011	
	Number of shares (Thousand)	Amount*	Number of shares (Thousand)	Amount*
Ordinary shares authorised	**10,000,000**		10,000,000	
Ordinary shares issued and fully paid:				
Share capital at the beginning of the year	**3,905,841**	**2,801,180**	3,894,805	2,778,853
Increases during the year:				
Shares issued upon exercise of management share options granted under Management Grant	**7,358**	**14,885**	11,036	22,327
Placing of new shares	**585,000**	**164,744**	–	–
Share capital at the end of the year	**4,498,199**	**2,980,809**	3,905,841	2,801,180

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

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

22. OTHER RESERVES

Group

	Imputed equity contribution upon reorganisation	Employee equity benefit reserve	Capital contribution received upon the repurchase of CB2	Other reserves	Total
At 1 January 2011	224,032	29,537	163,433	191,805	608,807
Equity-settled share options to management	–	5,249	–	–	5,249
Shares issued upon exercise of management share options granted under Management Grant	–	(22,325)	–	–	(22,325)
At 31 December 2011	224,032	12,461	163,433	191,805	591,731
Equity-settled share options to management	–	2,423	–	–	2,423
Shares issued upon exercise of management share options granted under Management Grant	–	(14,884)	–	–	(14,884)
At 31 December 2012	224,032	–	163,433	191,805	579,270

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

22. OTHER RESERVES (continued)

Company

	Imputed equity contribution upon reorganisation	Employee equity benefit reserve	Capital contribution received upon the repurchase of CB2	Other reserves	Total
At 1 January 2011	1,557,445	29,537	163,433	191,805	1,942,220
Equity-settled share options to management	–	5,249	–	–	5,249
Shares issued upon exercise of management share options granted under Management Grant	–	(22,325)	–	–	(22,325)
At 31 December 2011	1,557,445	12,461	163,433	191,805	1,925,144
Equity-settled share options to management	–	2,423	–	–	2,423
Shares issued upon exercise of management share options granted under Management Grant	–	(14,884)	–	–	(14,884)
At 31 December 2012	1,557,445	–	163,433	191,805	1,912,683

Nature and purpose of other reserves

Imputed equity contribution upon reorganisation

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

Employee equity benefit reserve

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

Capital contribution received upon the repurchase of CB2

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

Other reserves

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

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

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

The interest-bearing bank and other borrowings which were all denominated in RMB (except a HK$200,140 thousand loan and a US$4,750 thousand loan) are as follows:

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

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

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

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

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

Long-term and short-term bank borrowings

As at 31 December 2012, bank borrowings of RMB2,732,685 thousand (2011: RMB2,508,943 thousand) were pledged by the Group's certain properties, completed investment properties and investment properties under construction, properties under development for sale, prepaid land lease payments as well as bank deposits, whose net carrying amounts at 31 December 2012 were RMB458,759 thousand (2011: RMB486,401 thousand), RMB631,956 thousand (2011: RMB610,000 thousand), RMB1,480,234 thousand (2011: RMB766,067 thousand), RMB595,251 thousand (2011: RMB383,294 thousand), and RMB185,000 thousand (2011: RMB170,000 thousand), respectively. Also, as at 31 December 2012, a long-term bank loan with principal of RMB100,000 thousand (2011: RMB99,990 thousand) was guaranteed by Mr. Shi Jian, the Executive Chairman of the Company.

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

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

23. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Other borrowing – secured

As at 31 December 2012, the other borrowing of RMB431,400 thousand (2011: RMB631,400 thousand) is a loan from a third party trust fund which is secured by pledge of the Group's 72.63% equity interest in SGLD, and entitlement to certain economic benefits (right to dividends, if any, etc.) in the equity interest of SGLD (see Note 3), use rights of one piece of land and the title to the properties thereon (whose net carrying amounts at 31 December 2012 were RMB198,793 thousand (2011: RMB276,036 thousand)). The loan is also guaranteed by Mr. Shi Jian, the Executive Chairman of the Company. The Group has the right to repay the loan (the outstanding balance of principal and interest thereon) in full, at any time prior to expiry of the term of the loan.

The Group had undrawn credit facilities of RMB308.3 million as at 31 December 2012 (2011: RMB377.8 million).

24. DEFERRED INCOME

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

Notes:

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

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

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

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

Terms and conditions of the above liabilities:

- Trade payables are non-interest-bearing and are normally settled within one year. Among the balance, trade payables of approximately RMB1,872 million (2011: approximately RMB1,580 million) are contracted with no specified due date.
- Accruals for the commission of golf club membership to agents are settled in the period in which the related golf club membership fees are received.
- Payroll and welfare are normally settled within the next month.
- Interest payable on bank borrowings is normally settled quarterly throughout the financial year.
- Other payables and other tax payables are non-interest-bearing and are normally settled when they are due or within one year.

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

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

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

26. AMOUNTS DUE FROM/TO RELATED PARTIES

Group	Note	31 December 2012	31 December 2011
Amounts due to related parties:			
SRE Group Limited	29(a)(ii)	–	51,310
Shanghai Lake Malaren Property Management Co., Ltd.	29(a)(i)	1,369	2,238
		1,369	53,548

27. ADVANCES FROM CUSTOMERS

Group

Advances from customers mainly represented the pre-sale of properties when they are still under development. As contracted with customers, advances amounting to a substantial portion of the sales consideration are paid to the Group shortly from the signing of the pre-sales contracts. Such amounts held by the Group are non-interest-bearing. Business tax, generally calculated at a rate of 5% on the advances received, is imposed by the tax authorities.

28. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION

Employee benefits (including directors) (Group)

	Year ended 31 December 2012	Year ended 31 December 2011
Included in cost of sales:		
Wages and salaries	12,435	4,874
Social welfare other than pensions	731	366
Pension – defined contribution plan	731	366
Staff welfare and bonuses	1,437	1,040
Share-based payments (Management Grant)	–	–
Included in selling and distribution costs:		
Wages and salaries	13,435	10,795
Social welfare other than pensions	1,698	1,152
Pension – defined contribution plan	1,924	1,352
Staff welfare and bonuses	2,541	839
Share-based payments (Management Grant)	–	–
Included in administrative expenses:		
Wages and salaries	36,716	33,578
Social welfare other than pensions	3,294	2,983
Pension – defined contribution plan	3,382	2,519
Staff welfare and bonuses	5,906	5,015
Share-based payments (Management Grant)	2,423	5,249
	86,653	70,127

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

28. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Directors' remuneration

Details of the directors' remuneration are as follows:

	Year ended 31 December 2012	Year ended 31 December 2011
Fees	1,616	1,680
Other emoluments:		
Salaries, allowances and benefits in kind	11,387	10,927
Equity-settled share option expense	2,217	4,800
Pension scheme contributions	202	160
	15,422	17,567

The names of the directors and their remuneration for the year are set out below:

Year ended 31 December 2012	Fees	Salaries, allowances and benefits in kind	Equity-settled share option expenses	Pension scheme contributions	Total
Shi Jian	–	811	–	–	811
Li Yao Min	–	1,622	586	–	2,208
Gu Biya	–	1,320	296	–	1,616
Mao Yiping	–	1,095	245	–	1,340
Yang Yonggang	–	704	504	–	1,208
Shi Janson Bing	–	990	–	36	1,026
Song Yi Qing	–	2,002	–	57	2,059
Qian Yifeng	–	418	–	–	418
Yue Wai Leung Stan	–	2,425	586	109	3,120
Henry Tan Song Kok	417	–	–	–	417
Loh Weng Whye	121	–	–	–	121
Lam Bing Lun Philip	367	–	–	–	367
Kong Siu Chee	367	–	–	–	367
Zhang Hao	186	–	–	–	186
E Hock Yap	158	–	–	–	158
	1,616	11,387	2,217	202	15,422

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

28. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Directors' remuneration (continued)

Year ended 31 December2011	Fees	Salaries, allowances and benefits in kind	Equity-settled share option expenses	Pension scheme contributions	Total
Shi Jian	–	831	–	–	831
Li Yao Min	–	1,662	1,268	–	2,930
Gu Biya	–	1,506	642	–	2,148
Mao Yiping	–	1,506	530	–	2,036
Yang Yonggang	–	795	1,092	–	1,887
Shi Janson Bing	–	1,091	–	23	1,114
Song Yi Qing	–	2,195	–	65	2,260
Qian Yifeng	–	19	–	–	19
Yue Wai Leung Stan	120	1,322	1,268	72	2,782
Henry Tan Song Kok	429	–	–	–	429
Loh Weng Whye	377	–	–	–	377
Lam Bing Lun Philip	377	–	–	–	377
Kong Siu Chee	377	–	–	–	377
	1,680	10,927	4,800	160	17,567

The directors have not waived any remuneration as listed above.

Five highest paid employees

The five highest paid employees were all directors for the years ended 31 December 2012 and 2011, details of whose remuneration are set out in the directors' remuneration above.

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

28. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Management Grant

On 5 July 2007, the Board of Directors of the Company passed a resolution to award a total of 380 shares (equivalent to 28,500,000 shares after the share split on 16 October 2007 whereby one existing share prior to the share split is equivalent to 75,000 shares after the share split) to certain of the Company's directors and employees ("Entitled Persons") as an incentive for their continued service to the Company in the following proportions.

	Number of shares allotted	
Entitled Person	Before the share split	Equivalent to the number of shares after the share split
Li Yao Min	79	5,925,000
Yue Wai Leung Stan	79	5,925,000
Yang Yonggang	68	5,100,000
Gu Biya	40	3,000,000
Cheng Wai Ho	40	3,000,000
Mao Yiping	33	2,475,000
Tai Kuo-Lin	25	1,875,000
Ma Da Yu	10	750,000
Sun Xiaomeng	3	225,000
Zhang Qiong	3	225,000
Total	380	28,500,000

In accordance with the terms of Management Grant, the shares are allotted and will vest as follows: (a) 10% at the end of the 12th month after the date of listing of the Company on the Main Board of the SGX-ST; (b) 15% at the end of the 24th month after the date of listing of the Company on the Main Board of the SGX-ST; (c) 20% at the end of the 36th month after the date of listing of the Company on the Main Board of the SGX-ST; (d) 25% at the end of the 48th month after the date of listing of the Company on the Main Board of the SGX-ST; and (e) the remaining 30% at the end of the 60th month after the date of listing of the Company on the Main Board of the SGX-ST.

Management Grant is provided on the basis that the relevant Entitled Persons remain in service within the Group on the vesting days and he/she has not submitted a notice of resignation at those dates. The exercise price is RMB8 per share (before share split). Management Grant is accounted for as a compensation for services to be provided by the Entitled Persons in the periods of service (the "vesting periods") as specified above. Since the shares granted do not vest until the Entitled Persons complete their services in the vesting periods, the Company will recognise the expenses over the vesting periods.

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

28. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Fair value of stock options granted

DTZ Debenham Tie Leung Limited was engaged by the Group to assess the fair value of the Management Grant, who estimated the weighted average fair value to be RMB151,717 per share (before the share split, see Note 21) at the date of grant.

The fair value of the equity-settled stock options granted is estimated as at the date of grant using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following are the major inputs to the model used in the valuation at the grant date:

Assumption:

Estimated share price (before the share split)	RMB151,724
Exercise price (before the share split)	RMB8
Maturity date for exercise	No maturity date
Dividend yield (p.a.)	0.00%
Risk-free interest rate (p.a.)	5.24%
Volatility rate (p.a.)	28.40%

The volatility used in the model was based on the historical volatilities of listed companies who have risk profiles comparable with the risk profile of the Group.

There have been no cancellations of or modifications to any of the Management Grant during the years ended 31 December 2012 and 2011.

Movement

The following table illustrates the number of and movements in the Management Grant:

	31 December 2012 Number of shares (after the share split)	31 December 2011 Number of shares (after the share split)
Outstanding at the beginning of the year	**7,357,500**	18,393,750
Forfeited during the year	**–**	–
Exercised during the year	**(7,357,500)**	(11,036,250)
Outstanding at the end of the year	**–**	7,357,500
Exercisable at the end of the year	**–**	–

The weighted average share price at the date of exercise for share options exercised during the year ended 31 December 2012 was SG$0.048 (year ended 31 December 2011: SG$0.07).

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

29. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

As mentioned in Note 1, in the opinion of the Directors, as of 31 December 2012 (and as at 31 December 2011), the Company's ultimate holding company is SRE Investment Holding Limited ("SREI"). The Company used to be a subsidiary of SRE Group Limited (the former parent) and SRE Group Limited (also as a subsidiary of SREI) became a fellow subsidiary since October 2012.

(a) In addition to the transactions detailed in Notes 23, 26 and 28, the Group had the following material transactions with related parties during the years ended 31 December 2012 and 2011:

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
Transactions with the former parent, fellow subsidiaries, the parties significantly influenced by or whose significant voting power resides with, directly or indirectly, some members of key management personnel of the Company:			
Property management service expense	(i)	**10,428**	10,428
Loan obtained from SRE Group Limited and one of its subsidiaries	(ii)	**9,728**	151,310
Loan repaid to SRE Group Limited and its subsidiaries	(ii)	**66,449**	100,000
Land development revenue	(iii)	**68,050**	–

Notes:

(i) Shanghai Lake Malaren Property Management Co., Ltd. (a fellow subsidiary) provides property management services to SGLD in respect of the Luodian New Town.

In July 2010, SGLD and Shanghai Lake Malaren Property Management Co., Ltd. entered into an agreement pursuant to which Shanghai Lake Malaren Property Management Co., Ltd. agreed to continue to provide property management services to SGLD for a term from 1 July 2010 to 31 December 2012 at a fixed management fee of RMB869,000 per month, out of which Shanghai Lake Malaren Property Management shall be responsible for the payment of the wages of management staff and their social insurance and statutory benefits, and other management expenses including those for daily operations and maintenance of and insurance for the common areas and shared facilities of the Luodian New Town, cleaning and sanitation, maintenance of greenery and social order of the new town, administration and relevant taxes. The management fee was determined with reference to the costs to be incurred by Shanghai Lake Malaren Property Management for managing the Luodian New Town.

(ii) During the year ended 31 December 2012, the Group obtained an interest-free loan of HKD12 million from SRE Group Limited, and paid RMB66.45 million in total to repay all the outstanding loan balances from SRE Group Limited and its subsidiaries.

(iii) The amount in 2012 was the Group's share of the sales proceeds from land plots (developed by the Group and sold by authorities, through public auction, tender or listing) purchased by Wuxi New District Xinrui Hospital Management Co., Ltd., a jointly-controlled entity of the Group. RMB45,302 thousand was recognised as revenue and RMB22,748 thousand was recognized as deferred income arising from the construction of ancillary public facilities for the year ended 31 December 2012.

(iv) On 5 March 2012, in order to ensure the Group has necessary financial resources to support its operations and meet its liabilities when they fall due, SRE Group Limited (the former parent) confirmed in writing to the Company that, during the period of twelve months from 8 March 2012, upon receipt of request from the management of the Company, SRE Group Limited or its designated companies will unconditionally make payment in cash, up to a total of RMB600 million to the Group as financial support. However, no request for financial support was raised by the Company to SRE Group Limited during the twelve months from 8 March 2012, and the financial support expired on 8 March 2013.

The related party transaction in respect of item (i) constitutes a continuing connected transaction entered into in 2011 and 2012, as defined in Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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

29. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group:

	Year ended 31 December 2012	Year ended 31 December 2011
Wages and salaries	**17,185**	15,644
Share-based payments (Management Grant)	**2,423**	5,249
Social security costs	**–**	–
Pension – defined contribution plan	**202**	160
Staff welfare and bonuses	**–**	–
	19,810	21,053

Further details of directors' remuneration are included in Note 28.

30. COMMITMENTS AND CONTINGENCIES

At the end of each reporting period, the Group had capital commitments and commitments in respect of land development or properties under development for sale as follows:

Group	31 December 2012	31 December 2011
Commitments in respect of land development for sale:		
Contracted but not provided for	**866,204**	1,226,264
Authorised but not contracted for	**4,600,897**	4,685,811
Properties under development for sale:		
Contracted but not provided for	**99,769**	461,979
Authorised but not contracted for	**–**	–
Investment properties under construction:		
Contracted but not provided for	**2,576**	8,076
Authorised but not contracted for	**153,578**	155,916
Property, plant and equipment and leasehold land:		
Contracted but not provided for	**448,787**	1,542,836
Authorised but not contracted for	**2,500,415**	2,701,317
Total	**8,672,226**	10,782,199

The Group had significant commitments as it had entered into three township development projects in Shanghai, Wuxi and Shenyang and such commitments are quantified based on contracts, feasibility studies and detailed plans for the respective projects. As a result, the Group prepares cash flow budgets for major project companies annually and updates the cash flow budgets regularly.

As at 31 December 2012, among the commitments that are contracted but not provided for, an amount of RMB533 million is with no specified due date for payments (2011: RMB937 million).

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank borrowings, trade and other payables, other borrowings and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, cash and short-term deposits, which arose directly from its operations. The main risks faced by the Group are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The Board of Directors reviews and agrees policies for managing each of the risks which are summarised below:

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to its interest-bearing bank loans and other borrowings. The Group does not use derivative financial instruments to manage its interest rate risk. The interest rates and terms of repayments of the borrowings are disclosed in Note 23.

The following table demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit before tax (mainly the impact on floating rate borrowings). The Group's equity is not affected, other than the consequential effect on the accumulated losses (a component of the Group's equity) of the changes in the profit before tax as disclosed below.

	Year ended 31 December 2012	**Year ended 31 December 2011**
Increase/(decrease) in interest rates (basis points)	**100/(100)**	100/(100)
(Decrease)/increase in profit before tax	**(27,590)/27,590**	(25,164)/25,164

Foreign currency risk

All the Group's operating entities operate in Mainland China with most of the transactions denominated in Renminbi. The Group is exposed to foreign exchange risk arising from golf membership fees received in United States dollars. In addition, the Group has raised a certain amount of funds in Hong Kong dollars and US dollars via bank borrowings. The Group has not hedged its foreign exchange rate risk.

The RMB is not a freely convertible currency, the conversion of the RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity to reasonably possible changes in the US$ and HK$ exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the carrying amount of monetary assets and liabilities). The Group's equity is not affected, other than the consequential effect on the accumulated losses (a component of the Group's equity) of the changes in the profit before tax as disclosed below.

	Year ended 31 December 2012	Year ended 31 December 2011
Increase/(decrease) in the US$ exchange rate	**10%/(10%)**	10%/(10%)
Increase/(decrease) in profit before tax	**(3,528)/3,528**	2,540/(2,540)
Increase/(decrease) in the HK$ exchange rate	**10%/(10%)**	10%/(10%)
Increase/(decrease) in profit before tax	**(13,922)/13,922**	(15,304)/15,304

Credit risk

Credit risk arises from cash and bank balances, trade receivables and other receivables, the balances of which represent the maximum credit risk exposure of the Group. As at 31 December 2012 and 2011, a large portion of the net receivables were from the revenue derived from land development for sale, also there is a significant other receivable (for which full provision was made or subsequently received) as mentioned in Note 18, and therefore there is concentration of risk.

Management considers that the credit risk arising from trade receivables is low as land development for sale is sold through public auction, tender or listing to qualified land buyers, whose qualifications are verified by relevant government authorities and buyers have paid a portion of proceeds as performance bonds to the government authorities.

Management also considers that the credit risk arising from trade receivables from property sale is low because those sales are to retail customers and there is no significant concentration of credit risk as at 31 December 2012.

Also, purchasers of golf club membership are generally granted with monthly instalment payment terms mainly ranging from 12 to 24 months. Pursuant to the related sale agreement, the Group can cancel a buyer's membership if the instalment payment is overdue for more than three months. The Group has no net exposure as the deferred income from the sale of golf club membership is larger than the related receivables. Hence, there would be no adverse impact on profit before tax if the buyers' membership was cancelled due to the non-payments.

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or to have available funding through the use of bank loans, debentures and other borrowings to meet its commitments over the foreseeable future in accordance with its strategic plan.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

The Group

31 December 2012	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Contractual due date not specified	Total
Interest-bearing loans and other borrowings	**193,856**	**100,204**	**1,283,420**	**1,941,168**	**542,787**	**–**	**4,061,435**
Trade payables	**757,905**	**–**	**–**	**–**	**–**	**1,871,710**	**2,629,615**
Other liabilities	**309,622**	**–**	**–**	**–**	**–**	**–**	**309,622**
	1,261,383	**100,204**	**1,283,420**	**1,941,168**	**542,787**	**1,871,710**	**7,000,672**

31 December 2011	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Contractual due date not specified	Total
Interest-bearing bank loans and other borrowings	163,758	42,972	1,282,980	1,844,060	593,899	–	3,927,669
Trade payables	507,012	–	–	–	–	1,579,900	2,086,912
Other liabilities	300,960	–	–	–	–	–	300,960
	971,730	42,972	1,282,980	1,844,060	593,899	1,579,900	6,315,541

The Company

All of the Company's financial liabilities as at 31 December 2012, are repayable on demand as at each of the reporting dates.

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Group's capital management is to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue bonds, convertible bonds or new shares.

As the Group is engaged in land development, it needs a substantial amount of funds. The Group manages capital by closely monitoring its gearing ratio (which is defined by management as net debt divided by capital plus net debt).

Net debt includes interest-bearing bank and other borrowings and excludes trade and other payables. Equity includes equity attributable to owners of the parent and non-controlling interests. The gearing ratios are calculated as follows:

	31 December 2012	31 December 2011
Interest-bearing bank and other borrowings	**3,184,085**	3,140,343
Less: Cash and bank balances	**(434,267)**	(537,387)
Net debt	**2,749,818**	2,602,956
Capital:		
Total equity	**3,240,547**	3,025,646
Capital and net debt	**5,990,365**	5,628,602
Gearing ratio	**45.90%**	46.25%

Collateral held

The Group did not hold any collateral as at 31 December 2012 and 2011.

32. SUBSEQUENT EVENT

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

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

33. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 20 March 2013.

Analysis of Shareholdings

As at 8 March 2013

ISSUED AND FULLY PAID-UP CAPITAL

Issued and Fully Paid-up Capital	:	RMB2,801,179,902
Total number of Issued shares excluding treasury shares	:	4,498,198,676
Total number of treasury shares	:	0
Class of shares	:	Ordinary shares of no par value
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 8 MARCH 2013

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	212	2.61	23,463	–
1,000 - 10,000	3,785	46.62	15,311,593	0.34
10,001 - 1,000,000	4,048	49.86	390,417,016	8.68
1,000,001 AND ABOVE	74	0.91	4,092,446,604	90.68
	8,119	100.00	4,498,198,676	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 8 MARCH 2013

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	HKSCC NOMINEES LIMITED	3,493,572,866	77.66
2	PRIMEMODERN LIMITED	125,887,500	2.80
3	UNITED OVERSEAS BANK NOMINEES PTE LTD	74,278,000	1.65
4	CIMB SECURITIES (SINGAPORE) PTE LTD	30,772,000	0.68
5	OCBC SECURITIES PRIVATE LTD	27,533,000	0.61
6	MAYBANK KIM ENG SECURITIES PTE LTD	17,228,451	0.38
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	17,007,000	0.38
8	GRAND WEALTH RESOURCES LIMITED	15,000,000	0.33
9	RAFFLES NOMINEES (PTE) LTD	14,542,505	0.32
10	UOB KAY HIAN PTE LTD	14,207,250	0.32
11	LEE CHOONG ONN	13,247,000	0.29
12	PHILLIP SECURITIES PTE LTD	11,876,000	0.26
13	CITIBANK NOMINEES SINGAPORE PTE LTD	10,222,537	0.23
14	DBS NOMINEES PTE LTD	10,147,495	0.23
15	TENG NAM SENG	9,000,000	0.20
16	TAN SIN MUI	8,000,000	0.18
17	SHIE YONG FAH	7,418,000	0.16
18	HONG LEONG FINANCE NOMINEES PTE LTD	6,443,000	0.14
19	LIM & TAN SECURITIES PTE LTD	6,379,000	0.14
20	DB NOMINEES (SINGAPORE) PTE LTD	6,361,000	0.14
	TOTAL:	**3,919,122,604**	**87.12**

Note:

%: Based on 4,498,198,676 shares (excluding shares held as treasury shares) as at 8 March 2013.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 8 March 2013.

	No. of Ordinary Shares			
	Direct Interest	%	Deemed Interest	%
SRE Investment	1,468,356,862	32.64	–	–
Shi Jian	6,104,938	0.14	1,468,357,952	32.64

Notes:

(1) Mr Shi Jian is deemed interested in a total of 1,468,357,952 Shares (32.64%) for the following reasons: (i) Mr Shi Jian is deemed interested in 1,468,356,862 Shares (32.64%) held by SRE Investment Holding Limited ("SRE Investment") by virtue of the fact that he is a controlling shareholder of SRE Investment; and (ii) Mr Shi Jian is deemed interested in 1,090 Shares (0.000024%) held by Ms Si Xiao Dong by virtue of the fact that she is his spouse.

(2) Mr Shi Jian's direct shareholding interest in 6,104,938 Shares (0.14%) is held in the following manner:

(a) Celestial Securities Limited is the registered holder for 6,103,848 Shares (0.14%); and

(b) Mr Shi Jian holds 1,090 Shares (0.000024%) in his own name.

FREE FLOAT

As at 8 March 2013, approximately 66.66% of the total number of issued shares of the Company was held in the hands of the public (on the basis of information available to the Company). The Company has no outstanding treasury shares, preference shares or convertible equity securities in issue.

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited and Rule 8.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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