花样年
FANTASIA

Fantasia Holdings Group Co., Limited 2011 Annual Report

Stock Code: 01777

让生活更有风格

Make Life in Style

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Pan Jun (Chairman)
Ms. Zeng Jie, Baby
Mr. Feng Hui Ming
Mr. Chan Sze Hon

Independent Non-Executive Directors

Mr. Ho Man
Mr. Liao Martin Cheung Kong, JP
Mr. Huang Ming
Mr. Xu Quan

COMPANY SECRETARY

Mr. Chan Sze Hon

AUTHORIZED REPRESENTATIVES

Mr. Chan Sze Hon
Mr. Feng Hui Ming

AUDIT COMMITTEE

Mr. Ho Man (Committee Chairman)
Mr. Liao Martin Cheung Kong, JP
Mr. Huang Ming
Mr. Xu Quan

REMUNERATION COMMITTEE

Mr. Huang Ming (Committee Chairman)
Mr. Ho Man
Mr. Liao Martin Cheung Kong, JP
Mr. Xu Quan
Mr. Pan Jun

NOMINATION COMMITTEE

Mr. Pan Jun (Committee Chairman)
Mr. Ho Man
Mr. Liao Martin Cheung Kong, JP
Mr. Huang Ming
Mr. Xu Quan
Ms. Zeng Jie, Baby

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

Agricultural Bank of China
China Construction Bank Corporation
China Everbright Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
The Hongkong and Shanghai Banking Corporation Limited

LEGAL ADVISORS

As to Hong Kong Law

Sidley Austin

As to PRC Law

Commerce & Finance Law Offices

As to Cayman Islands Law

Conyers Dill & Pearman

REGISTERED OFFICE

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

CORPORATE HEAD OFFICE IN HONG KONG

Room 1103
Top Glory Tower
262 Gloucester Road
Causeway Bay
Hong Kong

CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

F/27, Block A, Hailrun Complex
No. 6021 Shennan Boulevard
Shenzhen 518040,
Guangdong Province
China

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LISTING INFORMATION

Share Listing

The Company's ordinary shares
The Stock Exchange of Hong Kong Limited
Stock Code: 01777

Senior Notes Listing

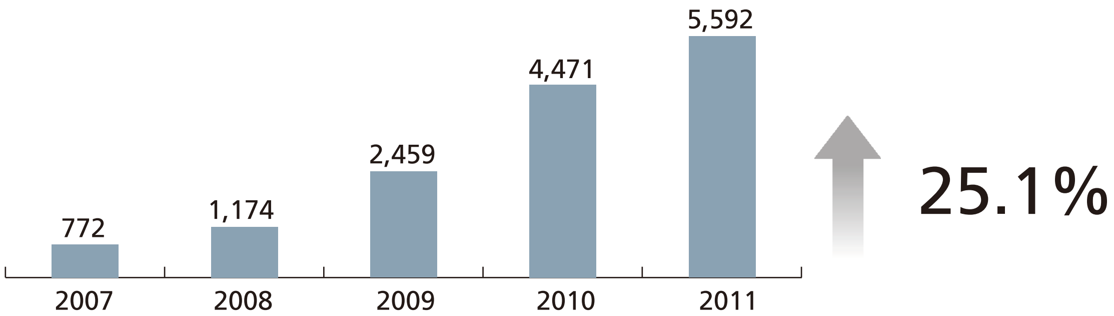
The Company's 14%, 5 years senior notes
The Singapore Exchange Securities Trading Limited

WEBSITE

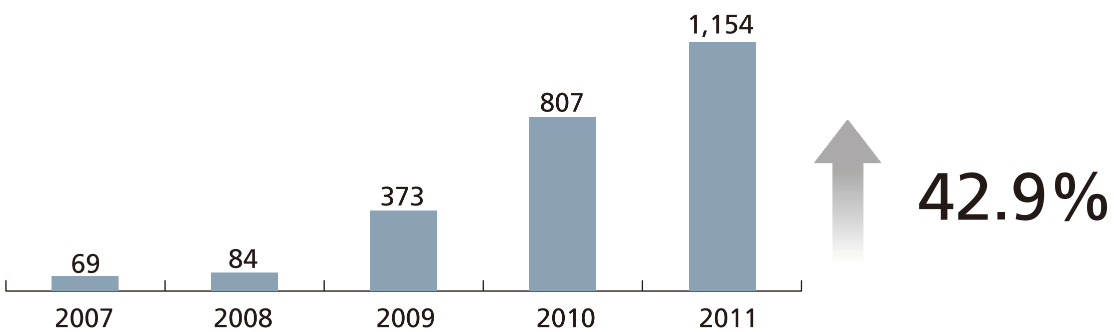
http://www.cnfantasia.com

FINANCIAL HIGHLIGHT

Revenue (in RMB'million)



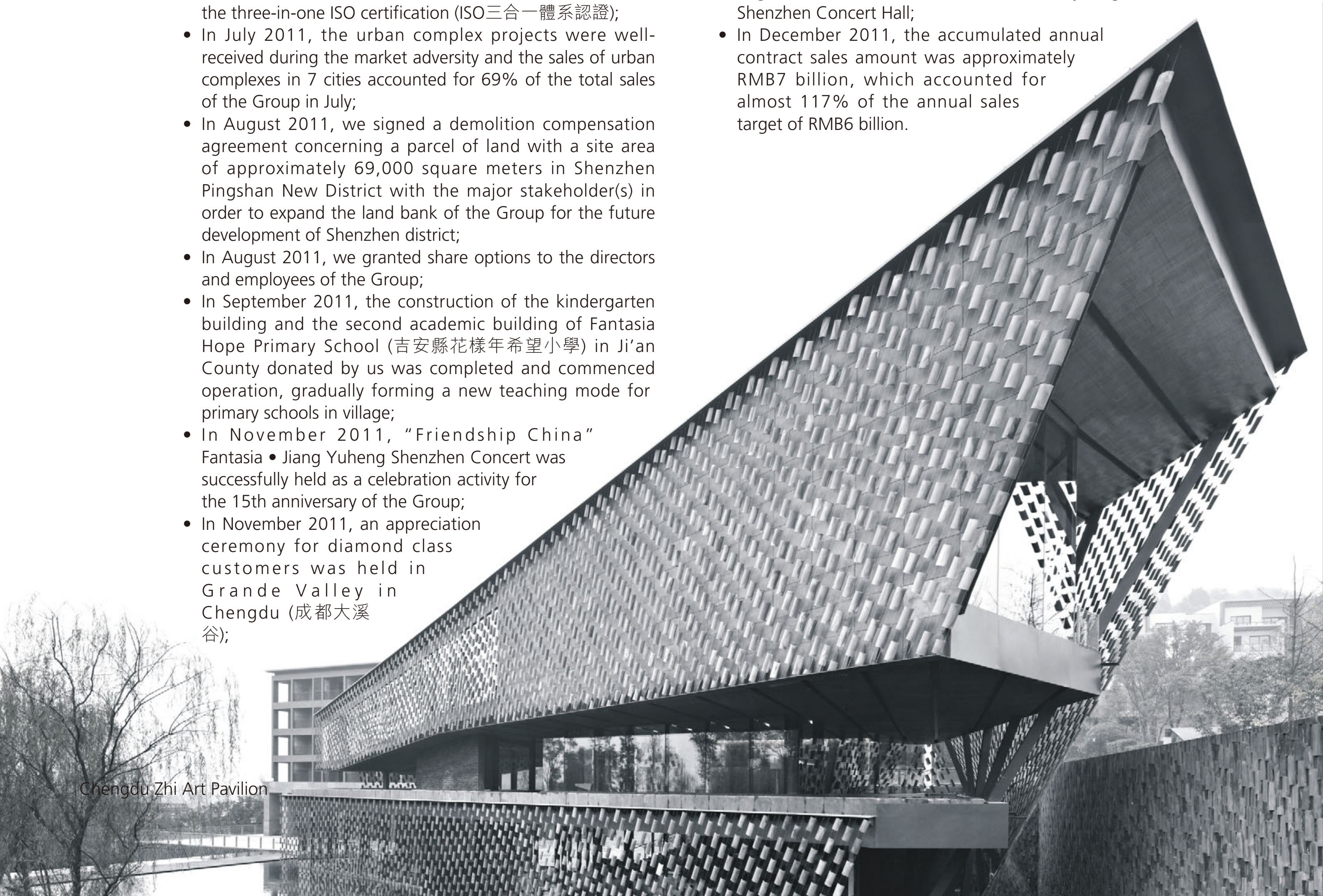
Profit (in RMB'million)



	2007	2008	2009	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	772,057	1,174,211	2,458,673	4,471,234	5,592,350
Gross profit	222,837	469,477	1,026,861	1,924,794	2,391,700
Profit attributable to owners of the Company	68,797	84,259	373,469	807,281	1,153,624
Basic earnings per share (RMB)	0.62	0.02	0.10	0.17	0.23
Total assets	4,209,052	4,957,322	11,453,486	15,382,388	18,122,636
Total liabilities	2,807,249	3,510,965	7,372,125	10,415,918	12,123,355

MILESTONE OF BUSINESS DEVELOPMENT

- In March 2011, the first large-scale urban complex project, Guilin Fantasia Town was established;
- In March 2011, we worked with the world-renowned brand consultancy, Interbrand to commence a strategic brand planning;
- In March 2011, the Group's subsidiary, Fantasia (Taiwan) Development Co., Ltd. (台灣花樣年開發股份有限公司) was established in Taiwan;
- In April 2011, we signed a strategic cooperation agreement with Hitachi Elevator (China) Limited (日立電梯(中國)有限公司) and Schindler China Elevator Co. Ltd. (迅達(中國)電梯有限公司);
- In May 2011, we signed a strategic cooperation agreement with Shenzhen South Decoration Engineering Co., Ltd. (深圳市中建南方裝飾工程有限公司);
- In June 2011, 90 retail shop units of Guilin Fantasia Town Phase I (桂林花樣城首期) were launched for sale and were sold out on the date of launch;
- In June 2011, we completed the acquisition of 48% interest in Shenzhen Fantasia Investment Development Company Limited (深圳市花樣年投資發展有限公司);
- In June 2011, Shenzhen Love Forever (深圳花郡) completed its 100% sale and was successfully delivered for occupation;
- In June 2011, we acquired 100% equity interests of TCL King Electronics (Shenzhen) Company Limited (TCL王牌電子(深圳)有限公司) and obtained its 3 land parcels and the 5 buildings on the land parcels at Shekou;
- In June 2011, Shenzhen Liantang Property Management Co., Ltd. (深圳市蓮塘物業管理有限公司), owned by the Group's subsidiary, Shenzhen Fantasia Property Services Co., Ltd., (深圳市花樣年物業服務有限公司) was awarded the three-in-one ISO certification (ISO三合一體系認證);
- In July 2011, the urban complex projects were well-received during the market adversity and the sales of urban complexes in 7 cities accounted for 69% of the total sales of the Group in July;
- In August 2011, we signed a demolition compensation agreement concerning a parcel of land with a site area of approximately 69,000 square meters in Shenzhen Pingshan New District with the major stakeholder(s) in order to expand the land bank of the Group for the future development of Shenzhen district;
- In August 2011, we granted share options to the directors and employees of the Group;
- In September 2011, the construction of the kindergarten building and the second academic building of Fantasia Hope Primary School (吉安縣花樣年希望小學) in Ji'an County donated by us was completed and commenced operation, gradually forming a new teaching mode for primary schools in village;
- In November 2011, "Friendship China" Fantasia • Jiang Yuheng Shenzhen Concert was successfully held as a celebration activity for the 15th anniversary of the Group;
- In November 2011, an appreciation ceremony for diamond class customers was held in Grande Valley in Chengdu (成都大溪谷);
- In November 2011, the second suppliers meeting was held in Shenzhen Meinian International Complex;
- In November 2011, the Group's subsidiary, Shenzhen Colour Life Services Group Co., Ltd., (深圳市彩生活服務集團有限公司) acquired Qinhuangdao Hongtianyuan Property (秦皇島宏天源物業), which has A-grade qualification in property management for entering the Beijing market;
- In November 2011, the Group's subsidiary, Shenzhen Fantasia Investment Development Co., Ltd. (深圳市花樣年投資發展有限公司), was renamed as Shenzhen Fantasia Real Estate Group Co., Ltd. (深圳市花樣年地產集團有限公司) and the real estate group was officially registered and established;
- In December 2011, we cooperated with the third world-renowned hotel management group, Starwood Group (喜達屋集團), after Rhombus International Hotels Group (隆堡國際酒店集團) and Capella Hotels Asia Group (嘉佩樂酒店亞洲集團), by signing a cooperation agreement with Starwood Group in respect of the construction of Four Points by Sheraton (福朋喜來登酒店) in Guilin Fantasia Town;
- In December 2011, our first self-operate brand hotel, Shenzhen U Hotel received the operation license and fulfilled the official operation requirement;
- In December 2011, the Group's subsidiary, Shenzhen Fantasia Colour Life Technology Co. Ltd. (深圳市花樣年彩生活科技有限公司) was renamed as Shenzhen Colour Life Services Group Co. Ltd. (深圳市彩生活服務集團有限公司);
- In December 2011, the fifth "Fantasia: Voyage to Happiness" (花樣年 • 發現幸福之旅) drama "Behold, Tugliz!" (瞧，土格哩子！) was successfully staged in Shenzhen Concert Hall;
- In December 2011, the accumulated annual contract sales amount was approximately RMB7 billion, which accounted for almost 117% of the annual sales target of RMB6 billion.


Chengdu Zhi Art Pavilion

HONOURS & AWARDS

ON COMPANY LEVEL

- In January 2011, Dongguan Fantasia Real Estate Investment Co., Ltd. was awarded "2010 Outstanding Enterprise of Real Estate Development Companies" (2010年度房地產開發企業先進單位) by Dongguan Housing and Urban-Rural Construction Bureau (東莞市住房和城鄉建設局);

- In February 2011, Fantasia (Chengdu) Development Co., Ltd. was awarded "2010 Major Tax-Payer" (2010年度納稅大戶) by the Working Committee of the CPC in Chengdu High-Technology Zone (中共成都高新區工委) and Management Committee in Chengdu High-Technology Zone (成都高新區管委會);

- In February 2011, Fantasia Group (China) Co., Ltd. was awarded "2010 China Real Estate Developing Model Enterprises" (2010中國房地產成長標杆企業) by the Organizing Committee of the Eleventh Annual Meeting for China Real Estate Development 2011 (2011第十一屆中國房地產發展年會組委會);

- In March 2011, Fantasia Group (China) Co., Ltd. was awarded "China Top 100 Real Estate Developers For Three Consecutive Years from 2009 – 2011" (2009 – 2011連續三年中國中國房地產百強企業) by Enterprise Research Institute of the Development Research Center of the State Council (國務院發展研究中心企業研究所), Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Research Institute (中國指數研究院);

- In March 2011, Fantasia Group (China) Co., Ltd. was honored to be one of the "2011 China Top 100 Real Estate Developers" (2011年中國房地產百強企業) chosen by China Real Estate Top 10 Research Team (中國房地產Top 10研究組);

- In April 2011, Fantasia Group (China) Co., Ltd. was awarded "Brand Development Award" (品牌發展獎) by Southern Metropolis Daily (南方都市報);

- In May 2011, Fantasia Holdings Group Co., Limited was honored to be one of "2011 Top 100 China Real Estate Listed Companies" (2011年中國房地產上市公司100強) and "2011 Top 50 China Real Estate Listed Companies in terms of Comprehensive Strength" (2011中國房地產上市公司綜合實力五十強) chosen by China Real Estate Research Association (中國房地產研究會), China Real Estate Association (中國房地產協會) and China Real Estate Appraisal Center (中國房地產測評中心);

- In July 2011, Fantasia Group (China) Co., Ltd. was awarded "2011 China Real Estate Corporate Citizen Award" (2011年度中國地產企業公民大獎) in Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇);

- In September 2011, Fantasia Holdings Group Co., Limited received awards of "Top 10 China Invested Hong Kong Listed Real Estate Companies by Combined Value" (綜合價值 (中資港股) TOP10) and "Company with the Best Potential for Investment" (最具投資潛力公司) in the "First China Business Post • Brand Value Rankings of China's Real Estate Companies in 2011" (2011第一財經 • 中國房地產價值榜) held by the China Business News («第一財經日報»);

- In September 2011, Fantasia Holdings Group Co., Limited was honored to be one of the outstanding real estate companies for the second time consecutively in "China's Outstanding Real Estate Companies in 2011" (2011中國傑出房地產商) organized by "Economic Digest" magazine;

- In September 2011, Fantasia Holdings Group Co., Limited was honored as "Top 10 Brand Value of Chinese Real Estate Development Enterprises in Southern China in 2011" (2011中國房地產開發企業品牌價值華南10強), jointly awarded by China Real Estate Research Association (中國房地產研究會), China Real Estate Association (中國房地產協會) and China Real Estate Appraisal Centre (中國房地產評測中心);

- In October 2011, Shenzhen Colour Life Service (Group) Limited Company (深圳市彩生活服務集團有限公司) was awarded "2011 China Real Estate Top 100 Enterprises" (2010中國房地產百強企業) and "2011 China Outstanding Property and Service Brand Enterprises" (2011中國優秀物業服務品牌企業) by China Real Estate Top10 Research Team (中國房地產Top 10研究組);

- In November 2011, Fantasia Group (China) Co., Ltd was awarded "Brand of the Year" (年度品牌大獎) in "The Third Anniversary of China's Real Estate Annual Meeting in 2011" jointly held by Peking University HSBC Business School and "Southern Metropolis Daily" (南方都市報);

- In November 2011, Fantasia Holdings Group Co., Limited was accredited as "2011 China Blue Chip Property Developer" (2011年中國藍籌地產) in "China's Blue Chip Enterprises Election" (中國藍籌地產評選) organized by "The Economic Observer" («經濟觀察報»);

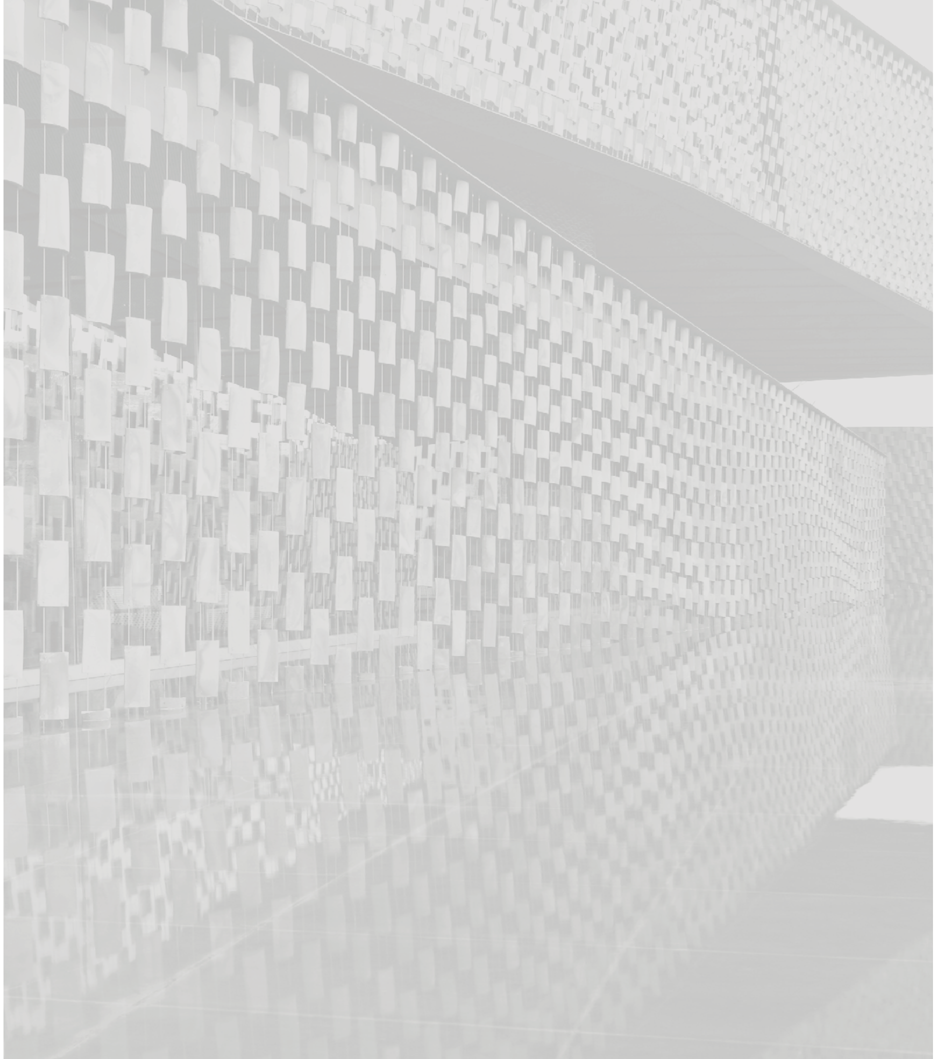
- In November 2011, Wuxi Fantasia Real Estate Development Limited Company was awarded "The Eighth Session of Internet Popularity Ranking of the PRC Properties – Popular Branded Property" (第八屆中國房地產網絡人氣榜人氣品牌獎) by soufun.com;

- In December 2011, Dongguan Fantasia Real Estate Investment Co., Limited was awarded "Brand of the Year" (年度品牌企業) in "Dongguan Golden Real Estate Review in 2011" (2011東莞金牌地產評薦) organized by "Southern Metropolis Daily" (南方都市報);

- In December 2011, Chengdu Tonghe Real Estate Development Co., Ltd was awarded "2011 China Value Real Estate – Chengdu Value Real Estate Enterprise" (2011中國價值地產成都榜價值地產企業) by Chengdu Business Daily and National Business Daily;

- In December 2011, Fantasia Group (China) Co., Ltd was awarded "2011 Global Model of Community Art Enterprise in China (Southern)" (2011中國(華南)藝術公益全球典範) by China Real Estate Information Corporation (中國房地產信息集團) and Sina Leju (新浪樂居);

- In December 2011, Fantasia Group (China) Co., Ltd was awarded "Diamond-class Customer of International Business" (國際業務鑽石客戶) by Industrial and Commercial Bank of China, Shenzhen Branch;



ON PROJECT LEVEL

- In January 2011, Huizhou Fantasia Special Town (惠州別樣城) was awarded "Top Ten Most Anticipated Real Estate in Huizhou in 2010 – 2011" (2010 – 2011年度惠州十大最值得期待樓盤) by Soufun.com (搜房網);

- In January 2011, Chengdu Meinian International Plaza (成都美年國際廣場) was awarded "The Most Creative Commercial Property in 2010" (2010最具創新力商業地產) by China Real Estate Mainstream Media Union, Chengdu TV station (中國房地產主流電視媒體聯盟，成都廣播電視台);

- In January 2011, Chengdu Future Plaza (成都香年廣場) was awarded "Chengdu Property Market Most Investment Worthy Property" (成都地產年度最具投資價值物業) by Sichuan Daily Press Group (四川日報報業集團) and Chengdu Urban-Rural Housing Bureau (成都市城鄉房產管理局);

- In February 2011, Shenzhen Love Forever was awarded "Shenzhen High Quality Structural Engineering Prize" (深圳市優質結構工程獎) by Shenzhen Construction Industry Association (深圳市建築業協會);

- In March 2011, Chengdu Future Plaza was awarded "2010 Most Investment Worthy Commercial Property" (2010最具投資價值商業地產) by Chengdu Business Daily (成都商報);

- In April 2011, Guilin Fantasia Town was awarded "Real Estate with the Most Potential in Value in 2011" (2011年最具價值潛力樓盤) by the 4th Session of Guilin Spring Brand Real Estate Fair (桂林第四屆春季品牌房地產交易會);

- In July 2011, Suzhou Lago Paradise was awarded by National Business Daily to be the "2011 China Value Real Estate – Masterpiece of China Value Real Estate" (2011中國價值地產總評榜－價值地產傑作);

- In July 2011, Chengdu Future Plaza (成都香年廣場) was awarded "2011 Commercial Property Annual Award" (2011年度商業地產大獎) in Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇);

- In August 2011, Shenzhen Funian Plaza was awarded "Shenzhen High Quality Structural Engineering Prize" (深圳市優質結構工程獎) by Shenzhen Construction Industry Association (深圳市建築業協會);

- In October 2011, Dongguan Mont Conquerant was awarded the "Golden Prize for Construction Model of Shenzhen Landscape" (深圳市風景園林優良樣板工程金獎) by Shenzhen Landscape Association (深圳市風景園林協會);

- In November 2011, Shenzhen Funian Plaza was awarded "Construction Award of the Year" (年度建築大獎) in "2011 (3rd Session) China Real Estate Conference" (2011(第三屆)中國地產年會) jointly held by Peking University HSBC Business School and "Southern Metropolis Daily" (南方都市報);

- In November 2011, Suzhou Lago Paradise was awarded "The Eighth Session of Internet Popularity Ranking of the PRC Properties – 2011 Landmark Real Estate in Suzhou Region" (第八屆中國房地產網絡人氣榜 – 2011年度蘇州區域標杆樓盤) by soufun.com;

- In December 2011, Chengdu Funian Plaza was awarded "Annual Model for Valuable Real Estate in Chengdu Real Estate Market" (成都地產年度投資價值典範樓盤) in the Golden Hibiscus Prize of Chengdu Real Estate in the Ninth Session (2011) (第九屆金芙蓉杯(2011)) by Sichuan Daily Newspaper Group and Chengdu Urban-Rural Housing Bureau;

- In December 2011, Chengdu Fantasia Town was awarded "The Eighth Session of Internet Popularity Ranking of the PRC Properties – 2011 Real Estate Concerned by Netizens in Chengdu" (第八屆中國房地產網絡人氣榜2011年度網友關注樓盤) by China Index Academy (中國指數研究院) and soufun.com;

- In December 2011, Chengdu Hailrun Plaza was awarded "2010 – 2011 Silver Medal of the State Outstanding Construction Projects" (2010年–2011年度國家優質工程銀獎) organized by China Construction Industry Association (中國建築業協會);

- In December 2011, Wuxi Love Forever was awarded "Real Estate of Focus in 2011" by Sina Leju (新浪樂居);

- In December 2011, Dongguan Mont Conquerant was awarded "Most Valuable Real Estate for Investment" (最具投資價值樓盤) in "Dongguan Golden Real Estate Review in 2011" (2011東莞金牌地產評薦) hosted by "Southern Metropolis Daily" (南方都市報);

- In December 2011, Nanjing Yuhuatai Project was awarded "2011 Nanjing Popular Commercial Properties for Investment" (2010年度南京人氣投資商用物業) by soufun.com;

- In December 2011, Dongguan Wonderland was awarded "2012 Landmark Real Estate in Pearl River Delta" (2012珠三角標杆樓盤) by soufun.com;

Chengdu Zhi Art Pavilion

SOCIAL RESPONSIBILITY

In 2011, while being capable of attaining remarkable success ahead of the annual sales target, Fantasia has also well performed its citizenship and obligations as a notable and outstanding corporation. The kindergarten building and the second academic building of Fantasia Hope Primary School in Ji'an County donated by us were officially open, and the drama "Behold, Tugliz!" (瞧，土格哩子！) included in the fifth "Fantasia – Voyage to Happiness" was successfully presented in Shenzhen Concert Hall. Meanwhile, "Zhi Art Pavilion" (知 • 藝術館), the model for people who live for art, made its debut at Hong Kong & Shenzhen Bi-city Biennale of Urbanism\Architecture.

VOYAGE TO HAPPINESS

In 2011, Fantasia hosted the fifth "Fantasia – Voyage to Happiness" (花樣年 • 發現幸福之旅), the annual large-scale community art activity of Fantasia with Cao Kefei (曹克非), a well-known theater director and as the co-artist, and rolled out a series of art projects under the theme "Theatres with No Boundary, Living Lives with Dramas". By visiting typical social communities in Shenzhen and Chengdu and conducting interviews with people of all walks of lives in the cities, we have gathered abundant writing elements for dramas. In December 2011, "Behold, Tugliz!" (瞧，土格哩子！), a drama which presents every facet of life of the society, was successfully staged in Shenzhen Concert Hall. The sixth "Fantasia – Voyage to Happiness" (花樣年 • 發現幸福之旅) started in January 2012. We invited Shu Qiao (殳俏), a famous food columnist, as the co-artist to join us in a journey to find fast-disappearing cuisines made with natural ingredients by traditional methods in different places of the country. We will also dig in deep and make a record on the culinary skills of traditional cuisines and look into the issue of the inheritance of the methods for preparing such delicious dishes. The activities of "Fantasia – Voyage to Happiness" (花樣年 • 發現幸福之旅) were first taken place in 2006, and are expected to spare over a decade as planned.

DONATION FOR EDUCATION

Fantasia has already donated approximately RMB10 million since 2006 for building the Hope Primary School in Ji'an County and Fantasia Qixiang School in Chengdu, by virtue of the consecutive 5 – year donation and the implementation of improvement measures such as education support program, teacher incentive fund and financial assistance for students in poverty, has expanded to a scale which is capable of accommodating over 1,200 teachers and students and providing the whole education package from kindergarten to primary school, and has become the Project Hope School with the best conditions for education and which received the most substantial donation in Ji'an County. This shows the gradual formation of a new model for providing education in villages. In 2011, the opening ceremony was held for two academic buildings which received a total donation of more than RMB2.2 million. One of the academic buildings is the Associate Kindergarten of the Hope Primary School in Ji'an County which was open in September 2011 with approximately 300 students admitted while the other one has also commenced operation. The completion of the two academic buildings will make the Hope Primary School a better place for providing education. Fantasia's charity act has aroused the attention from other corporations towards the Hope Primary School, and an example of which is that C'estbon Group (華潤怡寶集團) has enriched students' curricular activities by sponsoring the Hope Primary School a library with thousands of books available and computer equipment installed.

BIENNALE OF URBANISM\ARCHITECTURE

From 2005 to 2011, it has been the fourth consecutive year that Fantasia has provided sponsorship to the Hong Kong & Shenzhen Bi-city Biennale of Urbanism\Architecture and a total of RMB5 million has been contributed. The fourth Biennale was launched in December 2011 under the theme of "Urbanism Creation", illustrating the interaction between architecture and urbanism and raising in-depth discussion over sustainable development and the urban vitality. Fantasia displayed its spirit of living for art to the community by presenting "Zhi Art Pavilion" (知 • 藝術館), which is located in Chengdu Belle Epoque.

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board of directors (the "Board") of Fantasia Holdings Group Co., Limited (the "Company"), I hereby present the annual results of the Company and its subsidiaries (the "Group" or "Fantasia") for the year ended 31 December 2011.

RESULTS and DIVIDENDS

For the financial year ended 31 December 2011, the Group recorded revenue of RMB5,592 million, which represents an increase of 25.1% over last year. Net profit attributable to equity holders of the Company during the year was RMB1,154 million, representing an increase of 42.9% as compared to last year. Excluding the revenue contributed by the movement of fair value of investment properties and net of the effect on relevant taxation and minority interests, the net profit contributed by the core businesses of the Group reached RMB859 million, representing an increase of 59.1% year-on-year.

To reward our shareholders for the support, the Board proposed a final dividend of HK4.00 cents per share in respect of the year 2011, subject to shareholders' approval at the upcoming annual general meeting.

MARKET and BUSINESS REVIEW

In 2011, under the changing global economic environment and the pressure brought by the rising domestic inflation rate and coupled with the control over the domestic real estate market extended from 2010, the sales volume and selling price of the market fell from a stagnant high level during the year.

The year 2011 is referred as the beginning of a new era of the Chinese real estate market by the market players. After experiencing times of dramatic growth, the Chinese real estate market is expected to have changes under the optimization and implementation of the control policies on "purchase-restriction, loan-restriction and price-restriction" where speculative demand for real estates was curbed and the main driver to the real estate market has returned to the desire for rigid housing and for improvement of living environment and as a result of which, the sales growth of the national commodity housing was mitigated. In 2011, the area sold for commodity housing over the country increased by 4.9% as compared to the previous year while the sales amount of commodity housing increased by 12.1%, both of which increased at a rate slower than that of 2010. Since the third quarter of 2011, the market has experienced a drastic downturn, in particular for the first-tier cities where macro-economic control policies were strictly enforced and the attitude of observation prevailed in the market.

In 2011, the Chinese real estate enterprises suffered from gigantic political, market and financial pressure. During the year, the Group made proactive response to the market adjustment, and leveraging on the growing contribution from various regions under the strategic development of market penetration and expansion upon listing, the leading competitiveness of the urban complexes products offered by the earlier product transformation undertaken few years ago and adherence to the strategy of flexible marketing approach and prudent investment, we have accomplished outstanding results in the sluggish market, making achievements results well beyond the annual contract sales target set at RMB6 billion and creating a record of annual contract sales and contract sales area amounted to be RMB7,005 million and 746,104 square meters, respectively, an increase of 80% and 95% as compared to last year.

Further Diversified the Product Lines and Enhanced the Competitiveness of the Urban Complexes Products with Proactive and Flexible Marketing Approach

During the year ended 31 December 2011 (the "Reporting Period"), the Group has an insight of the mid-term effect of the macro-economic control policies on the real estate market and hence we have made timely adjustment to our product structure by increasing the weight of resources put into the development and sales of non-purchase-restriction products and the urban complexes products while diversifying our product lines and enhancing the competitiveness of the urban complexes. Such strategy has made the contribution from the annual contract sales of the urban complexes products exceed 55% and has effectively minimized the impact of purchase-restriction and loan-restriction policies. Meanwhile, we have adopted customer-oriented approach which enabled us to launch our marketing campaign in a more delicate, proactive, accurate and flexible manner, and this has allowed us to effectively integrate resources with important customers of the Group, and maintain a closer and more interactive relationship with the members in Fantasia Club (花樣會). All of such efforts would make our customers to better enjoy our products and services and effectively drive the Group to achieve outstanding results well beyond the target set for annual contract sales.

Growth In Scale and Ability

During the Reporting Period, primarily driven by the development of services business, the number of the Group's employees increased from 4,199 in 2010 to 6,929 and the growth in the business has continued to promote the organic growth in the scale of the team. During the Reporting Period, the number of cities which has made contribution to the contract sales of the Group increased from 7 in 2010 to 9 in 2011, and coupled with the fact that business development in the newly entered cities has become more mature, the contribution to the Group from various regions has grown.

In 2011, the Group further reinforced its control over its real estate segment and introduced mechanism to improve its smooth operation. The Group has also formulated a department general manager accountability mechanism at the headquarters level to better control and coordinate various departments and to offer professional guidance. In respect of product management, cost and procurement management, and project plan management, we improved our professional vertical management system, continued to optimize three level project plan management and control system and strengthened its management measures on each critical element of planning, and all of such initiatives helped the Group to enlarge its development scale and to achieve continuous growth. In 2011, area of newly commenced projects of the Group exceeded 1.8 million square meters, representing a significant increase as compared to that of 2010; while area of completed projects was approximately 0.7 million square meters, representing an increase of 26% year-on-year.

In 2011, in face of the market adjustment, the Group has slowed down the pace of regional expansion and shifted our focus of team management to core team building for companies in each city and to the enhancement of their capability. By providing internal training for general manager engaging in the core business, arranging experience sharing session for employees across different segments and cities and offering training on leadership and insight organized by Cheung Kong Graduate School of Business to senior management members who satisfy the requirements of our Company's strategic target for their better conformity with our Company's standard on corporation culture and for their career development, we believe the competitiveness of the Group's teams will be further demonstrated in the future business development.

Continuously Propelled the Business Development on Service and Commerce Operations by Enhancing Our Capability of Services and Commerce Operations

Our main direction for the long-term development strategy is to continue to enhance the capability of our services and commerce operations, and to pave the way for Fantasia to face the future challenges in the shortest time. During the Reporting Period, we stayed on track of undertaking strategic studies, formulating the layout and devising cooperation on strategic community services, hotel management, commerce management, cultural tourism and senior housing, and strategic service and commerce operation businesses have achieved steady growth with the support of the real estate development business. Colour Life Service Group under the Group was officially established in 2011 and has formed a regional business network covering 16 core cities spanning across four regions, comprising the eastern, southern, western and northern regions of the country. In response to the challenges brought by the rising labor cost of property services and to satisfy the demand for community services in an era of mobile communication, the Group has taken the initiative to promote Colour Life V2.0 model on the basis of information technology infrastructure, and we believe this would further increase our service efficiency for the community, the replicability of our property management and the ability of seamlessly integrating the offline business to online business, while enhancing our leading favorable position relative to the majority of traditional property management companies which engage in fundamental property management only. Fantasia Property Management (International) Company (花樣年國際物業公司) which is responsible for the high-end property projects of the Group, after a year of development, has obtained ISO9000, ISO14000 and OHSAS18000 integrated system certifications and began to earn reputation and recognition among the customers on the platform of the Group's high-end projects. Fantasia Hotel Management Company (花樣年酒店管理公司) has entered into entrusted management agreement or arrived the intention of cooperation with Starwood Hotels & Resorts Worldwide, Inc. (喜達屋酒店管理集團) in respect of Guilin Fantasia Town hotel project, Grande Valley hotel project, Chengdu Meinian International Plaza hotel project and Chengdu Pixian County hotel project, and this would allow us to further expand our cooperation platform with international well-known hotel management groups. Meanwhile, we have also established the positioning of the private brand of "U" hotel and "HYDE" hotel and formulated our investment


Chengdu Funian Plaza

and development models with analysis undertaken. All such efforts contributed to the effective development, construction and operation of our private brand hotels. In consideration of the development requirements for Fantasia's commercial projects, Fantasia Commercial Management Company (花樣年商業管理公司) has studied and communicated with hundreds of commercial brands and built up a database for the same and this has greatly facilitated the work on business planning and solicitation of our commercial projects, including Shenzhen Meinian International Complex, Chengdu Meinian International Plaza, Guilin Fantasia Town, Huizhou Fantasia Special Town. In respect of the business of cultural tourism and senior housing, we have formed a preliminary research and development team which has carried out case studies, implemented training for preliminary core employees and completed research of business models. The subsidiaries of Fantasia in Taiwan were formally registered for operation during the Reporting Period, which would help us to absorb the well-developed philosophy in services in Taiwan and bring into Taiwan's abundant resources on services and commerce operations. We believe, Fantasia, leveraging on the growing capability in service and commerce operations as a result of the expanding services and commerce operations platform, will enjoy a leading position in the Experience Economy era.

Stable Operation and Prudent Investment

Under the volatile market environment in 2011, the industry confronted again with stagnation. In face of the enormous challenges posed to the industry during its development, the Group has put stronger emphasis on conservative operation and implemented strict and prudent control over investment risk. Over the whole year, we only undertook one land acquisition project of TCL King Electronics (Shenzhen) Company Limited (TCL王牌電子(深圳)有限公司) in Shekou, Shenzhen where land resource is scarce. During the Reporting Period, the Group strengthened our three-level balanced cash flow management at headquarters, urban companies and projects level as to ensure the security of our cash flow. As at 31 December 2011, the Group has a cash balance of RMB1,336 million, indicating a healthy level of our financial position.

PROSPECT and DEVELOPMENT OBJECTIVES

Going forward in 2012, the economy will be shadowed with uncertainties casted by the debt crisis prevailed in Europe, the lack of vitality of the US economy and the absence of significant driver to the economic growth in Japan and thus we shall not remain optimistic to the prospect of global economy in 2012. The growth of Chinese economy will continue to suffer in the course of mid-long term transformation and encounter the pressure on striking a balance between the economic growth and rising inflation. On the one hand, the central bank reduced the deposit reserve ratio in the fourth quarter in 2011, and the central government also proposed the implementation of proactive fiscal policies and prudent monetary policies in 2012, in which the monetary policy is expected to further relax under the economic pressure after the adaptation of rapid tightening monetary policies for over a year. On the other hand, unless the measures to increase supply and suppress the investment demand such as dual residential system and real estate tax are established effectively, the central government is expected to remain firm in such rounds of control over the real estate industry and we believe mid-term controlling measures on real estate market will continue to be introduced. It is anticipated that the Chinese real estate industry will experience difficulties in 2012, where it is highly probable that the market will endure a downturn before looking to a rise.

With the speeding up of the pace of urbanization and the growth of aging population, the effects contributed by favorable factors on population and land that relied upon by the Chinese real estate market for explosive growth in recent years will diminish gradually. It is expected that we will have to optimize our products against the backdrop of decreasing average profit margin of the Chinese real estate market. Under such an environment, we believe, on one hand, companies engaging only in real estate development business shall acquire a better understanding to meet the needs of customers for better controlling the cost, speeding up the product development and enhancing the sales capability under the fall of average profit margin of the industry. On the other hand, the transformation of the model of China's economic growth and the growing prosperity of the Chinese population will propel the nation to enter the Experience Economy era where growing demand for various featured services from the community is expected. In the coming few years, the Group will, while continuing to promote the growth of the real estate development business steadily, improve its capability in services and commerce operations with the real estate development business platform and build up its competitive strength in the strategic business for the Experience Economy era.

In 2012, remaining "strong and prudent" will be the basic philosophy for the Group's operation for the year. We will continue to achieve steady growth by setting financial security as our priority, putting our development focus on non-purchase-restriction products and urban complexes products, strengthening our leading position in relation to diversified product lines and urban complexes products, and undertaking proactive marketing activities as to cater for customers' needs. In 2012, the Group targets planned contract sales of RMB7.2 billion, planned area of newly commenced projects of 1 million square meters and a planned area of completed projects of 0.8 million square meters.

To Uphold the Rationale of Proactive Marketing and Foster Steady Growth of the Business

In 2012, we will continue to uphold the strategy of "proactive marketing and speedy sales" and commit to achieve steady business growth by enhancing our management on the implementation of the marketing plan and proposal, optimizing the marketing approach for the products' value, and strengthening our relationship with the customers with our better understanding to customers' value and our efforts in satisfying the customers' demand.

To Focus on Security Management of Cash Flow by Making Prudent Investment

We firmly believe in the philosophy that prudence is the cornerstone for the development of a corporation. Before an apparent recovery is witnessed in the Chinese real estate market, we will put stronger emphasis on security management of cash flow, make extremely prudent investment, continue to slow down our pace of strategic expansion, and make proper arrangement in regard to our projects' development plans, all of which will help our company to maintain a strong financial position.

To Continue to Facilitate the Development of Service and Commerce Operation

We will continue to, by leveraging on the development of service and commerce operation business, which relies on the business platform of real estate development, promote the long-term competitiveness for the Group's development. In respect of the community service business, we will fully introduce the advanced V2.0 model, enhance Colour Life Service's business competitiveness in the age of mobile communication, and accelerate the formation of the strategic landscape of Colour Life's business in the core cities of the country on the basis of the gradual maturity of the replicability of business model and the Group's capability in management and control; while in respect of hotel management business, we will establish the brand name of "U" hotel with the commencement of operation of Shenzhen U Hotel and endeavor to further improve the group-wide management system of the hotel business in the course of cooperation with well-known hotel management groups, such as Starwood, Rhombus and Capella. As for commerce management business, we will strengthen our cooperation with commercial brands and companies and take the step on constructing Fantasia's commerce management model, while as for senior housing business, we will, as soon as possible, draw up the schedule for establishing research and development base for projects such as Chengdu Belle Epoque as to realize the implementation of the development model in due time; and finally as for cultural tourism business, we expect to accumulate experience for the development of cultural tourism business of Fantasia by undertaking examination of proposals in relation to regions which are endowed with unique cultural and natural resources and seek the opportunities for cooperation with experienced cultural tourism corporations for projects such as Grand Valley Project.

ACKNOWLEDGEMENT

Looking back, it has been the 15th anniversary in which Fantasia entered the Chinese real estate market and during such 15 years, the Chinese society has experienced significant changes while Fantasia has also turned itself into a large scale real estate group with its brand recognized in the main stream from an immature and small-scale corporation under the rapid development of The Chinese economy where urbanization and industrialization took place. It is forecasted that China will become a moderately developed country upon its completion of industrialization movement while it is also expected that a different picture will be exhibited in the way of the development of real estate and service industry in the coming 15 years. Being fully aware that "services" will be the main theme in the Experience Economy era, Fantasia will develop its business in a different way in the next 15 years. Throughout the past 15 years, with the understanding and support of all our staff, shareholders, investors and partners who are always on our side, Fantasia has made outstanding achievement during its development. In the coming 15 years, where waves and tides of opportunities and possibilities are available and worth expecting, we sincerely ask all of you to join us altogether in a journey full of challenging competitions and remarkable achievements with the hope of bringing blessing and bliss to everyone by our utmost efforts. 15 years of blessing and bliss will be conveyed to you starting from 2012.

Pan Jun
Chairman

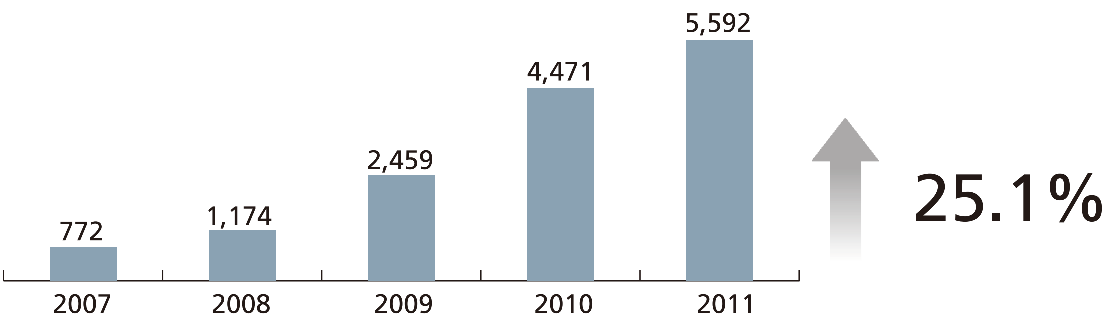
12 March 2012

FINANCIAL REVIEW

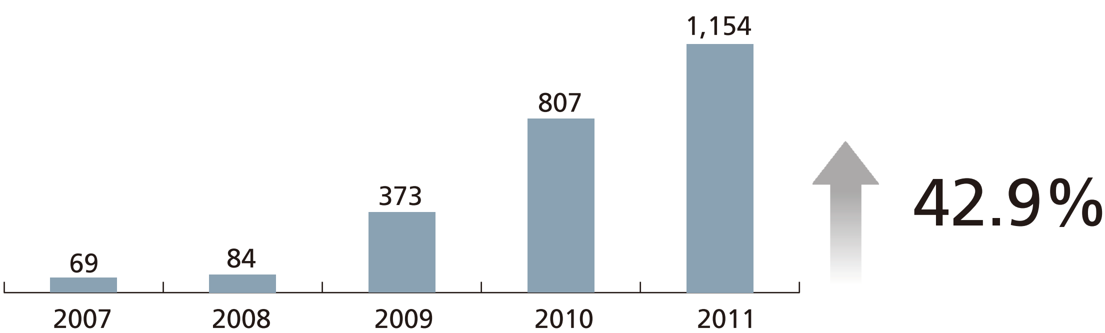
REVENUE

Revenue of the Group mainly consists of revenue derived from (i) the sales of our developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services and (v) the provision of hotel management and related services. For the year ended 31 December 2011, turnover of the Group amounted to approximately RMB5,592 million, representing an increase of 25.1% from approximately RMB4,471 million in 2010. Profit for the year attributable to the equity holders of the Company was approximately RMB1,154 million, representing an increase of 42.9% from approximately RMB807 million in 2010.

Revenue (in RMB'million)



Profit (in RMB'million)



Property Development

We recognize revenue from the sale of a property when the significant risks and rewards of ownership have been transferred to the purchaser, i.e., when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue from property development represents proceeds from sales of our properties held for sales. Revenue derived from property development increased by 24.9% to approximately RMB5,396 million in 2011 from approximately RMB4,320 million in 2010. This increase was due primarily to an increase in total gross floor area ("GFA") and an increase in the average selling price of properties sold to our customers.

The table below sets forth the total revenue derived from each of the projects and the aggregate GFA of properties sold in 2011 and 2010.

	2011			2010		
	Total Revenue	GFA sold	Average Selling Price	Total Revenue	GFA sold	Average Selling Price
	RMB'000	Square meters	RMB	RMB'000	Square meters	RMB
Chengdu Meinian International Plaza (成都美年國際廣場)	1,198,527	130,058	9,215	1,030,385	137,541	7,491
Shenzhen Love Forever (深圳花郡)	907,563	44,903	20,212	609,748	46,448	13,127
Shenzhen Meinian International Complex (深圳美年廣場)	897,520	32,118	27,944	–	–	–
Tianjin Hailrun Plaza (天津喜年廣場)	660,198	50,674	13,028	278,430	26,678	10,437
Dongguan Mont Conquerant (東莞君山)	564,365	61,750	9,139	210,065	18,853	11,142
Chengdu Fantasia Town (成都花樣城)	378,592	88,059	4,299	–	–	–
Huizhou Fantasia Special Town (惠州別樣城)	366,991	70,136	5,233	–	–	–
Chengdu Grande Valley (成都大溪谷)	138,899	16,522	8,407	156,513	21,251	7,365
Suzhou Lago Paradise (蘇州太湖天城)	131,398	11,880	11,060	–	–	–
Chengdu Belle Eqopue (成都君山)	33,125	3,757	8,818	143,808	20,737	6,935
Yixing Town on the Water (宜興雲海間)	14,374	1,293	11,121	254,039	21,117	12,030
Shenzhen Flower Harbor (深圳花港家園)	9,036	766	11,800	35,256	1,370	25,744
Chengdu Hailrun Plaza (成都喜年廣場)	6,084	168	36,286	1,165,767	89,423	13,037
Shenzhen Future Plaza (深圳香年廣場)	–	–	–	218,946	7,338	29,836
	5,306,672	512,084	10,363	4,102,957	390,756	10,500
Other (including sales of carparks and construction of relocation housing)	89,617	–	–	217,456	–	–
	5,396,289	–	–	4,320,413	–	–

Property Investment

Revenue generated from property investment increased by 113.7% to approximately RMB38 million in 2011 from approximately RMB18 million in 2010. The increase was due primarily to the continuing growth of the investment properties.

Property Agency Services

Revenue derived from property agency services decreased by 71.3% to approximately RMB10 million in 2011 from approximately RMB37 million in 2010. Due to the restructuring of the Company's business, the property agency services business has been disposed of in January 2011 in order for the management to concentrate on the major business, but we maintained the property agency services in the second hand market as a value-added service in the property operation business team.

Property Operation Services

Revenue derived from property operation services increased by 40.0% to approximately RMB125 million in 2011 from approximately RMB89 million in 2010. This increase was due primarily to an increase in the GFA of properties that we managed during 2011.

Hotel Services

Revenue derived from hotel services increased by 223.4% to approximately RMB23 million in 2011 from approximately RMB7 million in 2010. This increase was due primarily to an increase in occupancy rate of the hotel during 2011.

Gross Profit and Margin

Gross profit increased by 24.3% to approximately RMB2,392 million in 2011 from approximately RMB1,925 million in 2010, while our gross profit margin remained high at 42.8% in 2011 as compared to 43.0% in 2010. This increase in gross profit was in line with the increase in the total revenue in 2011.

Other Income, Gain and Losses

Other income, gain and losses increased by 45.7% to approximately RMB47 million in 2011 from approximately RMB32 million in 2010. The amount mainly represented the exchange gain resulting from the translation of our US dollar bank borrowings. During the year, Renminbi against United States Dollar continued to appreciate and thus the other income, gain and losses increased.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 99.9% to approximately RMB262 million in 2011 from approximately RMB131 million in 2010. This increase was due primarily to an increase in general selling, marketing and advertising activities resulting from an increase in the number of properties that were pre-sold in 2011 as compared to that in 2010. Our contract sales in 2011 was approximately RMB7,005 million while that in 2010 was approximately RMB3,892 million.

Administrative Expenses

Our administrative expenses increased by 29.8% to approximately RMB310 million in 2011 from approximately RMB239 million in 2010. This increase was due primarily to the increase in number of offices and staff cost in new locations due to our expansion.

Finance Costs

Our finance costs decreased by 39.8% to approximately RMB108 million in 2011 from approximately RMB180 million in 2010. The total finance costs incurred during the year was increased, which was due primarily to an increase in bank loans and senior notes to finance the business operation and development, but it was offset by the increase in capitalisation of interest expenses, which resulted in decrease in finance costs.

Income Tax Expenses

Our income tax expenses increased by 13.7% to approximately RMB942 million in 2011 from approximately RMB829 million in 2010. This increase was due primarily to an increase in enterprises income tax and land appreciation tax as a result of increase in properties sold and recognized in 2011 as compared to that in 2010, and was offset by the tax benefit granted from the local tax authority.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company increased by 42.9% to approximately RMB1,154 million in 2011 from approximately RMB807 million in 2010. This increase was due primarily to an increase in properties recognised in 2011 as compared to that in 2010. Our net profit margin maintained at a high level of 20.6% in 2011 as compared to 18.1% in 2010.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2011, the Group's bank balances and cash was approximately RMB1,336 million (2010: approximately RMB2,457 million), representing a decrease of 45.6% as compared to that as at 31 December 2010. A portion of our cash are restricted bank deposits that are restricted for use of property development. These restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits relate to. As at 31 December 2011, the Group's restricted cash was approximately RMB315 million (2010: approximately RMB85 million), representing an increase of 270.0% as compared to that as at 31 December 2010.

Current Ratio and Gearing Ratio

As at 31 December 2011, the Group has current ratio (being current assets over current liabilities) of approximately 1.51 compared to that of 1.73 as at 31 December 2010. The gearing ratio was 71.4% as at 31 December 2011 compared to that of 69.0% as at 31 December 2010. The gearing ratio was measured by net debt (aggregated bank borrowings and senior notes net of bank balances and cash and restricted cash) over the equity attributable to owners of the Company. The total debt (being aggregated bank borrowings and senior notes) over total assets ratio continued to be healthy, maintaining at 30.3% (2010: 36.2%) as of 31 December 2011.

Borrowings and Charges on the Group's Assets

As at 31 December 2011, the Group had an aggregate bank borrowings and senior notes of approximately RMB4,741 million and approximately RMB752 million, respectively. Amongst the bank borrowings, approximately RMB1,896 million will be repayable within 1 year, approximately RMB2,153 million will be repayable between 2 to 5 years and approximately RMB692 million will be repayable after 5 years. The senior notes were repayable between 2 to 5 years.

As at 31 December 2011, a substantial part of the bank borrowings were secured by land use rights and properties of the Group. The senior notes were jointly and severally guaranteed by certain subsidiary companies of the Group and by pledge of their shares.

Exchange Rate Risk

The Group mainly operates in the PRC. Other than the foreign currency denominated bank deposits, bank borrowings and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. Appreciation in RMB would have a positive effect on the value on paying interest and repayment of foreign currency bank borrowings and senior notes. During 2011, though the exchange rates of RMB against U.S. dollar and the Hong Kong dollar kept on increasing, the directors of the Company (the "Directors") expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Commitments

As at 31 December 2011, the Group had committed payment for the construction and acquisition of subsidiaries amounting to approximately RMB2,871 million (2010: RMB1,765 million) and RMB5 million (2010: nil), respectively.

As at 31 December 2010, the Group had committed payment for the land premium on land acquisitions amounting to approximately RMB140 million.

Contingent Liabilities

As at 31 December 2011, the Group had provided guarantees amounting to approximately RMB2,479 million (2010: approximately RMB1,690 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, no provision for the guarantee contracts was recognized in the financial statement for the year ended 31 December 2011 as the default risk is low.

Employees and Remuneration Policies

As at 31 December 2011, the Group had approximately 6,929 employees (2010: 4,199 employees). Total staff costs, including the Directors' emoluments, for the year ended 31 December 2011 amounted to approximately RMB251 million (2010: approximately RMB206 million). Remuneration is determined by reference to their performance, skills, qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for PRC employees), a discretionary bonus program and a share option scheme of the Company (the "Share Option Scheme").

The Company adopted the Share Option Scheme on 27 October 2009. In August 2011, the Group has granted share options to subscribe 74,230,000 shares of the Company (the "Shares") in conformity with the Share Option Scheme to some of the directors and employees of the Group, at an exercise price of HK$0.836 per share, and none of the share options were exercised by the grantees or cancelled by the Company as at 31 December 2011.

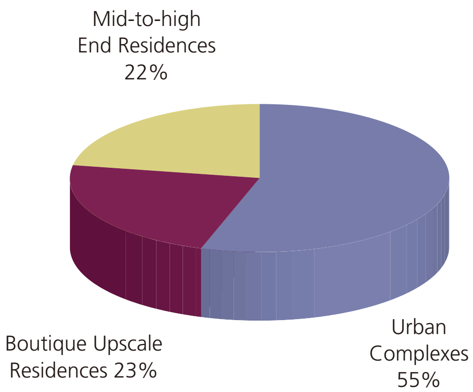
BUSINESS REVIEW

In 2011, under the continuous implementation of the macro-control policy of "purchase-restriction, loan-restriction and price-restriction", the Chinese real estate market entered a new era. Being fully aware of the mid-term effect of the control measures on the real estate market, the Group has renounced the view of bullish market and has made proactive response to the market adjustment. Leveraging on the growing contribution from various regions under the strategic development of market penetration and expansion upon the listing of the Group, the leading competitiveness of the urban complexes products offered by the earlier product transformation undertaken few years ago earlier, further optimization of the professional and vertical management system for real estate conglomerate, the Group, by adhering to the strategy of flexible marketing approach and prudent investment, has achieved outstanding results in the sluggish market.

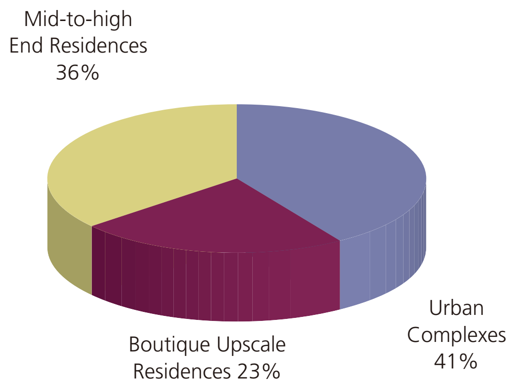
CONTRACT SALES and PROJECTS DEVELOPMENT

During the reporting period, the Group recorded contract sales of RMB7,005 million and contract sales area of 746,104 square meters, of which, RMB3,893 million and 307,861 square meters were derived from urban complexes projects, accounting for 55% of the total sales. The product transformation undertaken by Fantasia few years ahead has not only effectively relieved some of our pressure caused by the controlling policy of "purchase-restriction, loan-restriction and price-restriction", but has also positioned us well to achieve results well beyond the annual target in a bearish market.

The proportion of contract sales attributable to different categories of products



The proportion of contract sales area attributable to different categories of products

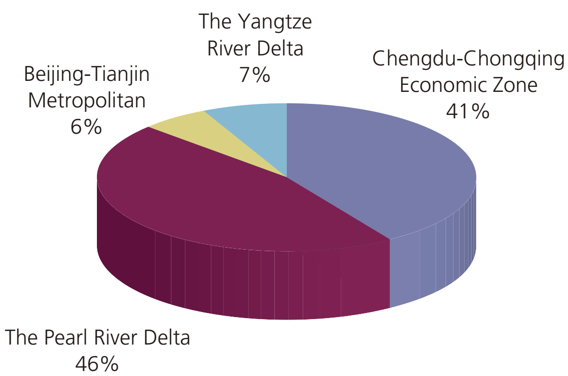


During the reporting period, the contract sales contribution of our real estate business were mainly derived from 9 cities, including Chengdu and Shenzhen, and 18 projects, namely Shenzhen Meinian International Complex, Chengdu Fantasia Town, Chengdu Meinian International Plaza, Chengdu Future Plaza, Chengdu Funian Plaza, Dungguan Wonderland and Huizhou Fantasia Special Town, as compared to 7 cities and 15 projects for the same period last year. This reflects that the Group has achieved rapid development in gaining presence in the core cities with strategic importance after listing while its business development in the newly entered cities has become more mature and this has in turn allowed a more balanced business development of the Group and a continuous growth in the contribution from different regions.

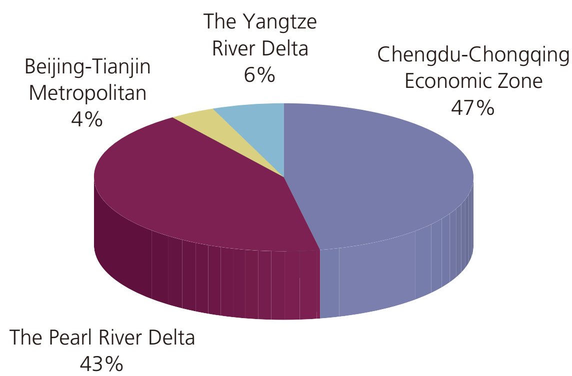
The breakdown of contract sales in the four major regions in 2011

Region	Contract Sales		Contract Sales Area	
	RMB million	Percentage	Square meters	Percentage
The Pearl River Delta	3,233	46%	320,847	43%
Chengdu-Chongqing Economic Zone	2,841	41%	348,682	47%
The Yangtze River Delta	482	7%	46,830	6%
Beijing-Tianjin Metropolitan Area	449	6%	29,745	4%
Total	7,005	100%	746,104	100%

The breakdown of the contract sales in the four major regions in 2011



The breakdown of the contract sale area in the four major regions in 2011



Pearl River Delta

Pearl River Delta, taking the lead in China's economic reform and open-up, is one of the most important drivers for economic growth in China, and the area in which Fantasia undertook strategic transformation by the earliest time. The Group is developing a Greater Shenzhen Zone, with Shenzhen being the center and Huizhou and Dongguan being the radiated regions, while speeding up the business development in Guilin market as to further expand our strategic penetration and coverage around the Pearl River Delta.

Shenzhen Meinian International Complex represents 55% of the market supply of the same project type in Shenzhen during the same period, with its sales speed surpassing other projects under sales over 2 times, and is completely sold in nine months. Huizhou Fantasia Special Town has marked a new sales record of real estate market in the Huiyang district where the residence products were sold out within a day, a week and a month, respectively. As the first project for Fantasia to tap into the market in Guilin, Guilin Fantasia Town, prior to its launching, has brought new life to the market and drawn extensive attention for its superior geographic location in the future urban center district, sound district planning and ancillary facilities and the resources planning for the awesome and spectacular view of an enormous lake. The project received an active market response immediately after its launching with total sales reached RMB435.6 million, ranking it into the top three of high-end product sales in the local market and the model of high-end products in Guilin district.

During the reporting period, the Group recorded contract sales area of approximately 320,847 square meters in Pearl River Delta; and recorded contract sales of approximately RMB3,233 million, attributing 43% and 46% of the Group's total contract sales area and total contract sales respectively.

As at 31 December 2011, the Group had 4 projects or phases of projects under construction in Pearl River Delta, with a total planned gross floor area of approximately 842,931 square meters and saleable area of approximately 649,285 square meters. The Group also had 4 projects or phases of projects to be developed, with a total planned gross floor area of approximately 2,465,551 square meters.

Chengdu-Chongqing Economic Zone

As the new experimental zone for urban-rural comprehensive reform, under the coordination of the state, Chengdu-Chongqing Economic Zone has become a significant fourth pole of the Chinese economy. Progressive development of emerging industries with strategic importance, such as the modern services segment and the high-tech technology segment, allows Chengdu to be a first mover during the Twelfth Five-Year Plan period.

The Group entered Chengdu market in 2001. With brand reputation we gained over the last decade, the Group has been one of the strongest property developers in the Chengdu area. During the reporting period, despite the increasing market pressure, Fantasia, with its favorable corporate brand image, in particular, the measures took to strengthen its leading position in the market of urban and commercial complexes, and its customer-oriented approach, remained as a model in the property market of the high-tech district in Chengdu by carrying out product value sales and maintaining a closer and more interactive relationship with our customers. Our property sales, in general, stays at the forefront of the property market in Chengdu.

During the reporting period, the Group recorded contract sales area of approximately 348,682 square meters in Chengdu-Chongqing zone; and recorded contract sales of approximately RMB2,841 million, attributing 47% and 41% of the property total contract sales area and total contract sales to the Group, respectively, an increase of 38% and 37% respectively as compared to 2010.

As at 31 December 2011, the Group had 5 projects or phases of projects under construction in Chengdu-Chongqing zone, with a total planned gross floor area of approximately 715,224 square meters. The saleable area was approximately 580,716 square meters. Other than the projects under construction, the Group still had 4 projects or phases of projects to be developed in Chengdu-Chongqing Economic Zone, with a total planned gross floor area of approximately 2,460,224 square meters. The Group also entered into framework agreements in respect of 2 projects, with a total planned gross floor area expected to be approximately 4,913,863 square meters. After over 2 years of primary land development, it is expected that Chengdu Pixian Project and Wuguiqiao Project, will enter the phases of land listing in the first half 2012 and this would allow our Company to further expand its areas of land bank in Chengdu area.

Beijing-Tianjin Metropolitan Area

Beijing-Tianjin area, which is the core of the Capital Economic Circle and the hinterland of Bohai Economic Rim Region, has a prominent strategic position. This area enjoys the convenience of being the national political, economic and cultural center, making it one of the most attractive areas in China. Tianjin has become a star which shines the brightest with the development in Binhai New Area.

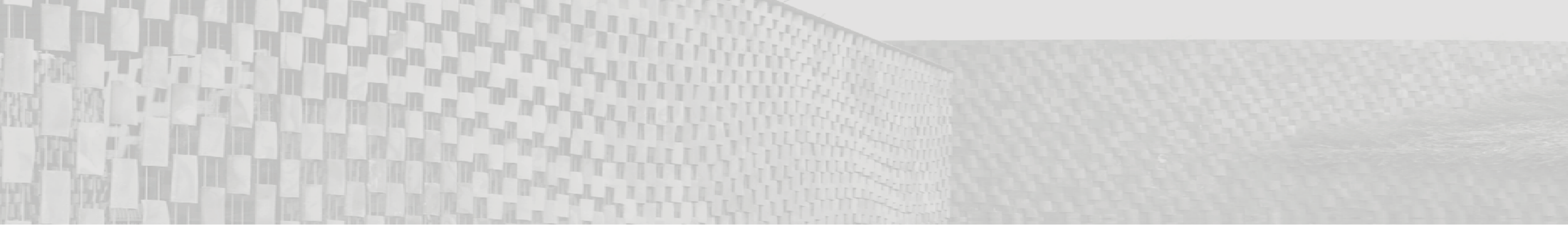
During the reporting period, the Group reported contract sales area of approximately 29,745 square meters and contract sales of RMB449 million in Beijing-Tianjin Metropolitan Area, representing 4% and 6% of the property total contract sales area and total contract sales of the Group, respectively.

As at 31 December 2011, the Group had 2 projects or phases of projects under construction in Beijing-Tianjin Metropolitan Area, with an aggregate planned gross floor area of approximately 130,108 square meters, and estimated saleable area of approximately 98,181 square meters, and also 2 projects or phases of projects to be developed, with an aggregate planned gross floor area of approximately 635,630 square meters.

Yangtze River Delta

Yangtze River Delta is the leader of China's economic development. It is an essential showpiece, where big cities with distinctive characteristics scatter all over this area, for China to open to the Asia Pacific Region. Due to its extensive geographic coverage, strategic development and its capacity to accommodate various scales and types of real estates, the area has a high possibility of ranking as a world-class city zone where cities of each level in the region shall become important focuses for the growth of China's real estate industry. The Group has been paying strong attention to the development of the region.

During the reporting period, the markets in Suzhou and Wuxi were greatly impacted by the macro-control policies on real estate industry, and the Group's business in the area was seriously affected. The Group recorded contract sales area of approximately 46,830 square meters, and contract sales of approximately RMB482 million in the Yangtze River Delta, representing 6% and 7% of the property total contract sales area and total contract sales of the Group.



As at 31 December 2011, the Group had 3 projects or phases of projects under construction in Yangtze River Delta, with the aggregate planned gross floor area of approximately 510,401 square meters, and estimated saleable area of approximately 402,330 square meters, and 3 phases of projects to be developed, with the aggregate planned gross floor area of approximately 510,299 square meters.

During the reporting period, the gross floor area of newly developed and completed projects were approximately 1,888,223 square meters and 700,197 square meters respectively, and the gross floor area of projects under construction and to be developed were approximately 2,198,664 square meters, and 6,071,704 square meters, respectively.

Newly Developed Projects

During the reporting period, the Group had 11 projects or phases of projects which were newly developed, with a total planned gross floor area of approximately 1,888,223 square meters.

Summary of newly developed projects in 2011

Serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	Aggregate Gross floor area
						Square meters
Pearl River Delta						
1	Phase 1 and 2 of Dongguan Wonderland	Huangjiang Town, Dongguan City	Residential and Commercial	2012	100%	160,139
2	Phase 1 of Guilin Fantasia Town	Lingui New District, Guilin City	Residential and Commercial	2014	100%	440,931
3	Phase 2 of Huizhou Fantasia Special Town	Huinan Road, Huizhou City	Residential and Commercial	2013	100%	180,642
Chengdu-Chongqing Economic Zone						
1	Phase 3 and 4.1 of Chengdu Fantasia Town	Wenjiang District, Chengdu City	Residential and Commercial	2012	100%	200,441
2	Chengdu Funian Plaza	Chengdu High-technology District	Commercial and financial land use	2013	100%	180,168
3	Dali Human Art Wisdom	Xiaguan Town, Dali City	City and town residential land use (with commercial service)	2013	100%	77,301
Yangtze River Delta						
1	Land 6 and 4 of Suzhou Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou City	Accomodation and dining, and residential	2013	100%	96,891
2	Phase 1 and 2 of Wuxi Love Forever Project	New district, Wuxi City	Residential and Commercial	2012	100%	318,660
3	Hailrun Complex	Binhu District, Wuxi	R&D Design, business office and commercial	2013	100%	102,942
Beijing-Tianjin						
1	Tianjin Future Plaza	Hexi District, Tianjin City	R&D Design	2012	100%	55,080
2	Phase 1.1 of Tianjin Love Forever (天津花郡1.1期)	Wuqing District, Tianjin City	City and Town residential land use	2013	100%	75,028
Total						1,888,223

Completed Projects

During the reporting period, the Group had 7 projects or phases of projects which were completed, with a total gross floor area of approximately 700,197 square meters.

Summary of completed projects in 2011

				Area held for sale			
Serial number	Project name	Gross floor area	Gross saleable area	Area for sale	Contract sales area	Area held by the Group	Contract sales area during 2011
		Square meters	Square meters	Square meters	Square meters	Square meters	Square meters
Pearl River Delta							
1	Phase 2 of Shenzhen Love Forever	63,505	49,081	38	44,536	4,507	10,674
2	Phase 2 of Dongguan Mont Conquerant	122,983	93,956	32,228	61,728	–	47,081
3	Phase 1 of Huizhou Fantasia Special Town	71,716	70,940	804	70,136	–	43,956
Chengdu-Chongqing Economic Zone							
1	Phase 2 of Chengdu Fantasia Town	113,867	95,494	964	88,059	6,471	24,428
2	Phase 1.3 of Chengdu Meinian International Plaza	225,116	199,021	76,288	122,733	–	84,445
Yangtze River Delta							
1	Land 6 and Building 5 – 8# of Suzhou Lago Paradise	19,939	14,559	2,541	12,018	–	3,374
Beijing-Tianjin							
1	Phase 2 of Tianjin Hailrun Plaza	83,071	66,035	1,606	50,491	13,938	15,000
Total		700,197	589,085	114,469	449,701	24,916	228,958

Projects under Construction

As at 31 December 2011, the Group had 14 projects or phases of projects under construction, with a total planned gross floor area of approximately 2,198,664 square meters and a planned gross saleable area of approximately 1,730,482 square meters. As at 31 December 2011, the Group has achieved accumulated contract sales of approximately 452,218 square meters with respect to the above projects.

Urban complexes and boutique upscale residences are the core product series of the Group. At present, the Group has 6 projects or phases of projects of urban complexes which are under construction, namely Shenzhen Funian Plaza, Phase 1 of Guilin Fantasia Town, Chengdu Future Plaza, Chengdu Funian Plaza, Tianjin Future Plaza and Wuxi Hailrun Complex, with a total planned gross floor area of approximately 108 million square meters, representing approximately 49% of the total gross floor area of projects under construction. The Group also owned 5 projects or phases of projects of boutique upscale residences which are under construction, namely Phase 1 and 2 of Dongguan Wonderland, Phase 2.1 of Chengdu Belle Epoque, Phase 1.1 of Tiajin Love Forever Project, Land 6 and 4 of Suzhou Lago Paradise and Phase 1 and 2 of Wuxi Love Forever Project, with a total gross floor area of approximately 0.66 million square meters, representing approximately 30% of the total gross floor area of projects under construction. The Group also owned 3 projects or phases of projects of mid-to-high end residences which are under construction, namely Phase 2 of

Huizhou Fantasia Special Town, Phase 3 and 4.1 of Chengdu Fantasia Town and Dali Human Art Wisdom, with a total gross floor area of approximately 0.46 million square meters, representing approximately 21% of the total gross floor area of projects under construction.

Serial number	Project name	Project location	Nature of land	Company's interest	Estimated completion date	GFA	Gross saleable area	Area held for sale		Estimated area to be held by the Company	Contract Sales area during 2011	Product Category
								Area for sale	Contract Sales area			
						Square meters	Square meters	Square meters	Square meters	Square meters	Square meters	
Shenzhen												
1	Funian Plaza	Futian District, Shenzhen City	Warehouse	100%	2012	61,219	46,793	23,398	–	23,396	–	urban complex
Huizhou												
1	Phase 2 of Fantasia Special Town	Huinan Road, Huizhou City	Residential and commercial	100%	2013	180,642	159,199	97,318	61,881	–	61,881	mid-to-high end residence
Dongguan												
1	Phase 1 and 2 of Dongguan Wonderland	Huangjiang Town, Dongguan City	Residential and commercial	100%	2012	160,139	112,647	55,804	56,843	–	56,843	boutique upscale residence
Guilin												
1	Phase 1 of Fantasia Town	Lingui New District, Guilin City	Residential and commercial	100%	2014	440,931	330,646	197,307	62,816	70,523	62,816	urban complex
Chengdu												
1	Future Plaza	Chengdu High-technology Zone	Commercial and service	100%	2012	244,614	194,151	120,625	64,526	9,000	55,038	urban complex
2	Phase 2.1 of Belle Epoque	Laojunshan, Xinjin County, Chengdu City	Residential, commercial and ancillary	100%	2012	12,699	8,339	4,505	209	3,625	209	boutique upscale residence
3	Phase 3 and 4.1 of Fantasia Town	Wenjiang District, Chengdu City	Residential and commercial	100%	2012	200,442	181,589	79,143	102,446	–	102,446	mid-to-high end residence
4	Funian Plaza	Chengdu High-technology Zone	Commercial and financial uses land	100%	2013	180,168	132,150	97,609	34,541	–	34,541	urban complex
Dali												
1	Human Art Wisdom	Xiaguan Town, Dali City	City and town residential land use (with commercial service)	100%	2013	77,301	64,488	52,327	12,161	–	12,161	mid-to-high end residence
Tianjin												
1	Future Plaza	Hexi District, Tianjin City	R&D design	100%	2012	55,080	45,849	31,827	14,022	–	14,022	urban complex
2	Phase 1.1 of Love Forever	Wuqing District, Tianjin City	Residential land use	100%	2013	75,028	52,332	51,722	610	–	610	boutique upscale residence
Suzhou												
1	Land 6 and 4 of Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou City	Accommodation and dining, and residential	100%	2013	88,799	77,162	59,300	17,862	–	17,862	boutique upscale residence
Wuxi												
1	Phase 1 and 2 of Love Forever	New District, Wuxi City	Residential, commercial and ancillary	100%	2012	318,660	242,050	217,749	24,301	–	24,301	boutique upscale residence
2	Hailrun Complex	Binhu District, Wuxi City	R&D design, business office and commercial	100%	2013	102,942	83,088	83,088	–	–	–	urban complex
Total						2,198,664	1,730,482	1,171,720	452,218	106,543		

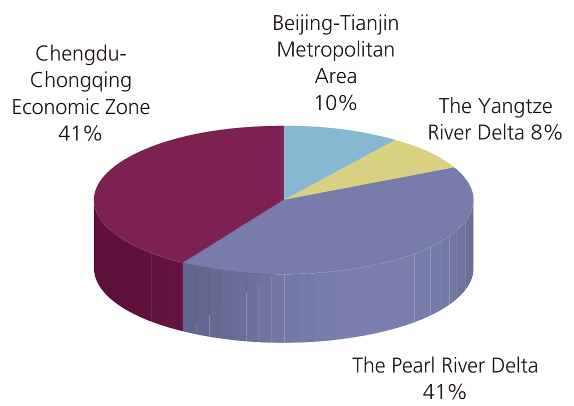
Note: Contracted area refers to the accumulated area subject to signed sales contract.

MANAGEMENT DISCUSSION AND ANALYSIS

Projects to be Developed

As at 31 December 2011, the Group had 13 projects or phases of projects to be developed, with a total planned gross floor area of approximately 6,071,704 square meters, of which, the total planned gross floor area of 4 projects in Chengdu-Chongqing Economic Zone was approximately 2,460,224 square meters, with a proportion of approximately 41%; and the total planned gross floor area of 4 projects in the Pearl River Delta was approximately 2,465,551 square meters, with a proportion of approximately 41%; and the 3 projects in Yangtze River Delta had a total planned gross floor area of approximately 510,299 square meters, with a proportion of approximately 8% and the 2 projects in Beijing-Tianjin Metropolitan Area had a total planned gross floor area of approximately 635,630 square meters, with a proportion of approximately 10%.

Chart showing the distribution of projects to be developed in four major regions



Chengdu Meinian International Plaza

Summary of projects to be developed

Serial number	Project name	Project location	Nature of land	Company's interest	Total GFA	Average cost of floor area
					Square meters	RMB/ Square meters
Huizhou						
1	Love Forever	Huangyuyong, Daya Bay, Huizhou City	Residential and Commercial	100%	168,545	312
2	Remaining phases of Fantasia Special Town	Huinan Road, Huizhou City	Residential and Commercial	100%	332,940	423
Subtotal					501,485	
Dongguan						
1	Remaining phases of Wonderland	Huangjiang Town, Dongguan City	Residential and Commercial	100%	173,261	923
Subtotal					173,261	

Serial number	Project name	Project location	Nature of land	Company's interest	Total GFA	Average cost of floor area
					Square meters	RMB/ Square meters
Guilin						
1	Remaining phases of Guohua Project	Lingui New District, Guilin City	Residential and Commercial	100%	1,790,805	393
Subtotal					1,790,805	
Chengdu						
1	Remaining phases of Meinian International Plaza	Chengdu High-technology Zone, Chengdu City	Residential, commercial and education	100%	449,845	669
2	Remaining phases of Belle Epoque	Laojun Mountain, Xinjin County, Chengdu City	Residential and commercial	100%	283,685	823
3	Remaining phases of Fantasia Town	Wenjiang District, Chengdu City	Residential and commercial	100%	169,708	81
4	Remaining phases of Grande Valley	Pujiang County, Chengdu City	Residential and commercial	100%	1,556,986	281
Subtotal					2,460,224	
Tianjin						
1	Yingcheng Lake Project	Hangu District, Tianjin City	Residential, commercial, and tourism	100%	168,339	766
2	Remaining phases of Love Forever	Wuqing District, Tinajin City	City and town residential land use	100%	467,291	1,183
Subtotal					635,630	
Suzhou						
1	Remaining phases of Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou City	Accommodation, dining, residential	100%	424,382	1,522
Subtotal					424,382	
Wuxi						
1	Remaining phases of Love Forever	New Development Zone, Wuxi City	Residential and commercial	100%	19,420	1,523
Subtotal					19,420	
Nanjing						
1	Yuhuatai Project	Yuhuatai District, Nanjing City	Wholesale and retail land use	100%	66,497	4,337
Subtotal					66,497	
Total					**6,071,704**	

OUR LAND BANK

During the reporting period, the Group adhered to its prudent investment strategy. Over the whole year, we only undertook one land acquisition project of TCL King Electronics (Shenzhen) Company Limited (TCL王牌電子(深圳)有限公司) in Shekou, Shenzhen where land resource is scarce.

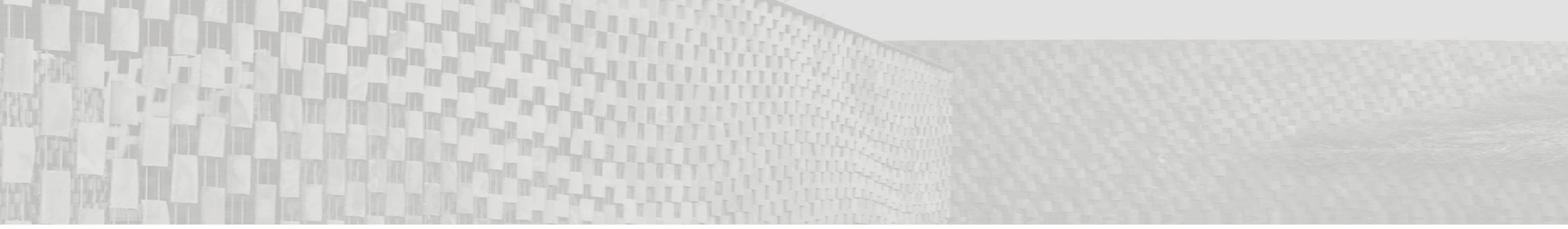
As at 31 December 2011, the planned gross floor area of the Group's land bank amounted to approximately 8.27 million square meters, and the planned gross floor area of properties with framework agreements signed amounted to 4.96 million square meters.

Summary of our land bank by regions as at 31 December 2011

Region	Projects under construction	Projects to be developed	Projects under frame work agreements	Aggregate planned gross floor area of land bank	Proportion
	Square meters	Square meters	Square meters	Square meters	
Chengdu-Chongqing Economic Zone				8,089,310	61%
Chengdu	637,923	2,460,224	3,917,332	7,015,478	
Dali	77,301		996,531	1,073,832	
The Pearl River Delta				3,308,482	25%
Shenzhen	61,219			61,219	
Huizhou	180,642	501,485		682,127	
Dongguan	160,139	173,261		333,400	
Guilin	440,931	1,790,805		2,231,736	
Beijing-Tianjin Metropolitan Area				765,738	6%
Tianjin	130,108	635,630		765,738	
The Yangtze River Delta				1,069,946	8%
Suzhou	88,799	424,382	49,246	562,427	
Wuxi	421,602	19,420		441,022	
Nanjing		66,497		66,497	
Total	2,198,664	6,071,704	4,963,109	13,233,477	100%

PROPERTY MANAGEMENT BUSINESS

The property operation business of the Group experienced continuous rapid growth during the reporting period. Shenzhen Colour Life Services Group Co., Limited (深圳市彩生活服務集團有限公司), a subsidiary of the Group, acquired a number of property management companies. As of 31 December 2011, the Group managed a total of 318 projects, representing a growth of 38.8% as compared to last year, with the area under management totaling about 30 million square meters, representing a year-on-year increase of 60.3%. In 2011, Colour Life Services Group (彩生活服務集團) has expanded its business development to 16 core cities where 6 cities were newly entered, namely Zhaoqing, Shenyang, Qinhuangdao, Zhuhai, Tieling and Guangzhou while Xian and Shanghai were the cities where we have commenced the operation of our property service business. This has formulated an initial strategic layout which covers the core cities scattered all over the nation. Colour Life Services Group (彩生活服務集團) has become a large-scale property service group with 2 quality corporations for first class property and 2 quality corporations for second class property, indicating a significant rise in the reputation of the property services brand of Colour Life. In order to face challenges brought by the rising labor cost of property services and accommodate



the demand for community services in an era of mobile communication, the Group has taken the initiative to promote Colour Life V2.0 model on the basis of information technology infrastructure and we believe this would further increase our service efficiency for the community, the replicability of our property management and the ability of seamlessly integrating the offline business to online business, while enhancing our leading favorable position relative to the majority of traditional property management companies which engage in fundamental property management only. We plan to start the modification in regard to Colour Life V2.0 model for the communities managed under Colour Life Services Group (彩生活服務集團) in 2012, establish 50 Colour Life shops (空間店) around China, optimize Colour Life online service and transaction platform with SOLOMO model, boost Colour Life's ability to explore and integrate the peripheral commercial resources of the community by adopting innovative and interactive Colour pad as a terminal access for customers' mutual connection and Colour Life space as a physical terminal access for the customers to experience online shopping while introducing and expanding the application of Colour Life online platform to the peripheral commercial entities in the community and thus contributing to the development of Colour Life Service Group as a leading integrated services provider for offering services to mini commercial areas with radius of 5 miles long extending from the community. In 2011, Colour Life Property was elected as one of the "Leading Property Management Enterprises in Shenzhen City over the Past 30 Years" (深圳市物業管理30年標杆企業), and again ranked the top 35 amongst China Property Management Enterprises.

As a high-end property service brand of the Group and with its studies undertaken for more than 1 year, Fantasia Property Management (International) (花樣年國際) has progressively set up its high-end service standard based on the concept of "British Golden Key" management, and has been considering its exposure towards other promising businesses, such as providing asset management and senior housing services for high-end customers. By integrating the resources of multi-industries, including real estate industry, financial industry and health industry, and building a sharing platform between external professional providers and property owners, we are capable of beefing up our core competence as to face the challenges within the service sector in the coming future. In 2011, a subsidiary company under Fantasia Property Management International obtained ISO9000, ISO14000 and OHSAS18000 integrated system certifications and began to earn reputation and recognition among the customers on the platform of the Group's high-end projects.

HOTEL CONSTRUCTION AND MANAGEMENT BUSINESS

2011 marks the third anniversary in which the Group entered the hotel industry. While optimizing the hotel refurbishment, brand management and operation system of the Group, we have been proactively soliciting elites in the hotel industry and providing cross-training programmes through internal and external platform. We now have a professional hotel management team and a professional hotel contsruction team. All of such effort will propel the development of the Group's hotel industry.

During the reporting period, in addition to our cooperation with well-known hotel management groups, such as Rhombus International and Capella (嘉佩樂), we have also entered into entrusted management agreement or arrived the intention of cooperation with Starwood Hotels & Resorts Worldwide, Inc. (喜達屋酒店管理集團) in respect of hotel projects in Guilin Fantasia Town hotel project, Grande Valley hotel project, Chengdu Meinian hotel project and Chengdu Pixian County hotel project and this would allow us to further expand our cooperation platform with international well-known hotel management groups. Meanwhile, we have also established the positioning of the private brand of "U" hotel and "HYDE" hotel and formulated our investment and development model with our analysis undertaken. Leveraging on the optimized management system of our hotel groups, we will effectively drive the development, construction and operation of private brand hotels. Construction of Chengdu Rhombus Hotel (成都隆堡酒店) and Shenzhen U Hotel has completed. Shenzhen U Hotel has commenced its operation. In the coming 3–5 years, the Group will set up approximately 12 hotels in regions such as Shenzhen, Tianjin, Chengdu, Suzhou and Guilin, with a total gross floor area of about 0.25 million square meters.

The hotel projects that the Group currently operates and plans to commence operation within the next three to five years are as follows:

Serial number	Hotel name	City	Positioning	Estimated hotel floor area	Estimated number of rooms	Type of premises	Management company	Operating progress
1	Cai Yue Hotel	Shenzhen	Economic	13,305	206	Rental	Shenzhen Caiyue Hotel Management Company Limited	Operated
2	Rhombus Fantasia Chengdu Hotel	Chengdu	Five-Star	22,200	185	Self-owned Premise	Rhombus (HK) Management Limited	Trial operation in the first half of 2012
3	Shenzhen U Hotel	Shenzhen	Boutique	7,200	109	Self-owned Premise	Shenzhen Fantasia Hotel Management Company Limited	Trial operation
4	Tianjin U Hotel	Tianjin	Boutique	9,100	120	Self-owned Premise	Shenzhen Fantasia Hotel Management Company Limited	In the pipeline
5	Chengdu U Hotel	Chengdu	Boutique	8,000	100	Self-owned Premise	Shenzhen Fantasia Hotel Management Company Limited	In the pipeline
6	Solis Lake Tai, Suzhou	Suzhou	Five-Star	50,500	250	Self-owned Premise	The Capella Hotel Group Asia	In the pipeline
7	Chengdu Belle Epoque Hotel	Chengdu	Boutique	10,800	66	Self-owned Premise	Fantasia (Chengdu) Ecological Tourism Development Company Limited Grande Valley Branch	In the pipeline
8	Four Points by Sheraton Guilin, Lingui (by Sheraton)	Guilin	Five-Star	30,000	250	Self-owned Premise	Starwood Asia Pacific Hotels & Resort PTE LTD	In the pipeline
9	Four Points by Sheraton Chengdu, Hi-Tech Zone (by Sheraton)	Chengdu	Five-Star	30,000	286	Self-owned Premise	Starwood Asia Pacific Hotels & Resort PTE LTD	In the pipeline
10	Yixing Town on the Water Hotel	Yixing	Boutique	20,300	232	Self-owned Premise/ Rental	Yixing Town on the Water Hotel Management Company Limited	Operated
11	Grande Valley International Country Club	Chengdu	Boutique	14,200	141	Rental	Pujiang Grande Valley Hotel Management Company Limited	Operated
12	Four Points by Sheraton Chengdu, Pujiang Resort (by Sheraton)	Chengdu	Five-Star	30,000	280	Self-owned Premise	Starwood Asia Pacific Hotels & Resort PTE LTD	In the pipeline
Total				245,605	2,225			

EXECUTIVE DIRECTORS

Mr. PAN Jun (潘軍)

Aged 41, is the chairman of the Board, an executive Director, the chief executive officer, the chairman of the Company's nomination committee (the "Nomination Committee") and a member of the Company's remuneration committee (the "Remuneration Committee"). He joined the Group in 1999 and is responsible for the overall operation of the Group's projects, the formulation of the Group's development strategies, as well as supervising the project planning, business and operation management of the Group. He is also currently the president of Fantasia Group (China) Co., Ltd. ("Fantasia Group (China)"), the general manager of Shenzhen Fantasia Real Estate Group Co., Ltd. ("Shenzhen Fantasia Real Estate Group") and the director of a number of the Group's subsidiaries. Mr. Pan has over 16 years of experience in the real estate development industry in China and prior to joining the Group, Mr. Pan was the project manager, the manager of the marketing department, the manager of the valuation department and the assistant to the general manager of World Union Real Estate Consultancy (Shenzhen) Ltd. (世聯地產顧問(深圳)有限公司). Mr. Pan has obtained a Bachelor's degree in conservancy and hydropower engineering from Chengdu University of Science and Technology (成都科技大學) in 1992 and holds an EMBA degree from Tsinghua University. Mr. Pan is also a registered property valuer in China and a member of the Shenzhen Institution of Real Estate Appraisers (深圳市不動產估價學會).

Ms. ZENG Jie, Baby (曾寶寶)

Aged 41, is an executive Director and a member of the Nomination Committee. From 1994 to 1996, Ms. Zeng was the general manager of Shenzhen Kingkey Property Development Company Limited (深圳京基房地產開發有限公司). In 1996, Ms. Zeng established Fantasia Group (China). During the period from 2006 to 2011, Ms. Zeng has been the chairlady of Fantasia Group (China) and Shenzhen Fantasia Real Estate Group. She is one of the controlling shareholders and the largest shareholder of the Company. Ms. Zeng has obtained an EMBA degree from Cheung Kong Graduate School of Management (長江商學院).

Mr. FENG Hui Ming (馮輝明)

Aged 41, is an executive Director. He is also the vice president of Fantasia Group (China) and the director of a number of the Group's subsidiaries. Mr. Feng joined the Group in 2005 as a deputy general manager of Shenzhen Fantasia Real Estate Group and is primarily responsible for the investment management of the Group. Prior to joining the Group, he was the manager of the investment department and later the chief financial officer of Jia Zhao Ye Properties (Shenzhen) Co., Ltd. (佳兆業地產(深圳)有限公司) from 2003 to 2004 and the general manager of Suzhou Fuyin Investment Development Co., Ltd. (蘇州市富銀投資發展有限公司) from 2004 to 2005. Mr. Feng has obtained a Bachelor's degree in forestry economics and management from Northeast Forestry University (東北林業大學) in 1993 and a Master's degree in economics from Zhongnan University of Economics and Law (中南財經大學) in 1996.

Mr. CHAN Sze Hon (陳思翰)

Aged 38, is an executive Director and the chief financial officer of the Group. Mr. Chan joined the Group in March 2008 and is responsible for supervising the financial reporting, corporate finance, treasury, tax and other finance related matters of the Group. Mr. Chan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Chan holds a Bachelor of Arts Degree in Accountancy from City University of Hong Kong and a Master Degree in Corporate Finance from the Hong Kong Polytechnic University. He has over 16 years of experience in accounting and financial management and had worked for an international accounting firm in Hong Kong for over 8 years. He is currently a non-executive director of Greater China Holdings Limited (中華實業控股有限公司) ("Greater China"), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the period from 18 July 2005 to 12 October 2008, Mr. Chan was an executive director of Greater China. Mr. Chan is also an independent non-executive director of ERA Mining Machinery Limited (年代煤礦機電設備制造有限公司), a company listed on the Growth Enterprise Market ("GEM Board") of the Stock Exchange. During the period from 5 December 2007 to 23 November 2011, Mr. Chan was an independent non-executive director of China Mining Resources Group Limited (中國礦業資源集團有限公司), a company listed on the Main Board of the Stock Exchange and during the period from 7 September 2007 to 10 January 2012, Mr. Chan was an independent non-executive director of China AU Group Holdings Limited (中國金豐集團控股有限公司), a comany listed on the GEM Board of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. HO Man (何敏)

Aged 42, is an independent non-executive Director. He is also the chairman of the Company's audit committee (the "Audit Committee") and a member of each of the Remuneration Committee and the Nomination Committee, respectively. Mr. Ho holds an EMBA degree from Tsinghua University, a Master of Science degree in Finance from the London Business School and is a Chartered Financial Analyst and Certified Public Accountant. Mr. Ho has over 15 years of experience in private equity and financial industry. He joined Chepstow Capital Advisers Limited, a HK based midmarket private equity house, as Managing Director in January 2010 and is responsible for deal sourcing, evaluation and structuring, negotiation, post investment monitoring and realization, with particular emphasis on Hong Kong and the PRC. Prior to this, Mr. Ho joined CLSA Capital Partners (HK) Limited ("CLSA") in August 1997 and until October 2009 was the Managing Director, Head of China Growth and Expansion Capital of CLSA. Mr. Ho was a non-executive director and a member of the audit committee of SCUD Group Limited (飛毛腿集團有限公司), a company listed on the Main Board of the Stock Exchange, and a non-executive director and an audit committee member of Shanghai Tonva Petrochemical Co., Ltd. (上海棟華石油化工股份有限公司), a company listed on the Growth Enterprise Market of the Stock Exchange, until October 2009.

Mr. LIAO Martin Cheung Kong, JP (廖長江)

Aged 54, is an independent non-executive Director. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, respectively. Mr. Liao was appointed a Justice of the Peace in 2004. He is elected Deputy (Hong Kong SAR) to the 11th National People's Congress of the People's Republic of China and a Member of the 11th Shanghai Municipal Committee of the Chinese People's Political Consultative Conference. In Hong Kong, Mr. Liao serves as Chairman of the Hong Kong Council for Accreditation of Academic and Vocational Qualifications, a Council member and a Court member of the University of Hong Kong and a member of the Capital Adequacy Appeal Tribunal. Mr. Liao graduated with a Bachelor of Economic Science (Hons) degree and a Master of Laws degree from University College London. Mr. Liao was Called to the Bar in England and Wales in 1984 and was Called to the Bar in Hong Kong in 1985 and has been a practising barrister in Hong Kong since 1985. Mr. Liao is also an advocate and solicitor admitted in Singapore since 1992.

Mr. HUANG Ming (黃明)

Aged 47, is an independent non-executive Director. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee, respectively. He has been a Professor of Finance at the Johnson Graduate School of Management at Cornell University since July 2005 and the Head of School of Finance of Shanghai University of Finance & Economics from 2006 to April 2009. Mr. Huang was an Assistant Professor of Finance at Stanford University, Graduate School of Business from 1998 to 2002. Mr. Huang was also the Associate Dean and visiting Professor of Finance and the Professor of Finance at the Cheung Kong Graduate School of Business (長江商學院) from 2004 to 2005 and from 2008 to 2010 respectively. Since July 2010, Mr. Huang has been a Professor of Finance at the China Europe International Business School (中歐國際工商學院). Mr. Huang graduated from Peking University in 1985 majoring in Physics. Mr. Huang then obtained a Ph.D in Physics and a Ph.D in Business from Cornell University and Stanford University respectively. Mr. Huang is a non-executive director of the Annuity Fund Management Board of China National Petroleum Corporation (中國石油天然氣集團年金理事會), Yingli Green Energy Holdings Co Ltd (英利綠色能源控股有限公司) and Aegon-Industrial Fund Management Co., Ltd. (興業全球人壽基金管理有限公司) since 2007 and 2008 respectively. Mr. Huang is currently on the editorial board of the American Economics Review (美國經濟評論).

Mr. XU Quan (許權)

Aged 69, is an independent non-executive Director. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, respectively. Mr. Xu is a qualified real estate senior engineer and real estate valuer. Mr. Xu has obtained a Postgraduate Programme Diploma in Shenzhen Real Property at Jinan University (暨南大學) in 1992. In 1993, Mr. Xu was qualified as a real estate senior engineer (房地產高級工程師) and later in 1995, obtained his qualification as an individual member (個人會員) in the Guangdong Real Property Valuer Association (廣東省房地產估價師學會). Since 2003, Mr. Xu has been the Chairman of Shenzhen Real Estate Association (深圳市房地產業協會).

SENIOR MANAGEMENT

Mr. JIAO Chuhua (焦曙華)

Aged 42, is the vice president of Fantasia Group (China). Mr. Jiao joined the Group in December 2011 and is responsible for the financing business of the Group. Prior to joining the Group, he was the director of Gaosheng Consultancy Co., Ltd (高盛顧問有限公司) from 2005 to 2011, the deputy general manager of the asset management and investment department of Kaili Asset Management Co., Ltd. (凱利資產管理有限公司) from 2002 to 2005 and the audit manager of the Anderson HuaQiang CPA accounting firm from 1997 to 2002. Mr. Jiao received a Bachelor's degree in finance from Jiangxi College of Finance and Economics (Now Jiangxi University of Finance and Economics) (江西財經學院(現江西財經大學)) in 1991.

Mr. WANG Liang (王亮)

Aged 42, is the chief investment officer of Fantasia Group (China). He is also the director and supervisor of a number of the Group's subsidiaries. Mr. Wang joined the Group in April 2006 and is primarily responsible for the hotel investment management of the Group. Prior to joining the Group, he was the director of the financial management department of Huafu HK Co. Limited (香港華孚集團) and the general manager of the financial management department of one of its subsidiaries from 2005 to 2006, the assistant to general manager of the financial management department of Shenzhen Feishang Industry Group Co., Ltd. (深圳市飛尚實業發展(集團)有限公司) in 2005 and the deputy manager of the finance department of Shenzhen Southern Zhongji Containers Manufacture Co. Ltd. (深圳南方中集集裝箱製造有限公司) from 1994 to 2001. Mr. Wang received a Bachelor's degree in business economics (商業經濟學) from Yangzhou Normal University (揚州師範學院) in 1992.

Mr. LIU Zongbao (劉宗保)

Aged 43, is the vice president of Shenzhen Fantasia Real Estate Group as well as the director of many of the subsidiaries of the Group. Mr. Liu joined the Group in March 2005 as the general manager of Chengdu Tonghe Real Estate Development Co., Ltd ("Chengdu Tonghe") and is responsible for the operation of Chengdu Tonghe. Prior to joining the Group, he was the deputy general manager of Shenzhen Zhonglian Real Estate Development Co., Ltd. (深圳市中聯房地產企業發展有限公司) from 2004 to 2005 and the manager of the marketing and sales department of Shenzhen Xinghe Real Estate Development Co., Ltd. (深圳市星河房地產開發公司) from 2001 to 2003. Mr. Liu received his Bachelor's degree in construction management engineering from Southeast University (東南大學) in 1991.

Ms. LI Chuanyu (李傳玉)

Aged 44, is the vice president of Shenzhen Fantasia Real Estate Group. Ms. Li joined the Group in May 2001 and is responsible for the financial management. She was the chief financial officer of Shenzhen Huiheng Property Company Limited (深圳市匯恒置業有限公司), the chief financial officer and the general manager of the financial management department of Fantasia Property Group from 2001 to 2011. Prior to joining the Group, she was the deputy general manager of the financial department of Shenzhen Zhujiang Industry Company (深圳珠江實業公司) from 1996 to 2001. Ms. Li received a Master's degree in international accounting (國際會計) from the City University of Hong Kong (香港城市大學) in 2006.

Mr. LAW Sai Kuen (羅世權)

Aged 49, is the general manager in hotel construction center of Shenzhen Fantasia Real Estate Group. Mr. Law joined the Group in November 2010 and is responsible for the operation of the Group's hotel construction center. Prior to joining the Group, he was the project manager of Shangri-la Hotel Management Co., Ltd (香格里拉酒店管理有限公司) from 2003 to 2010 and the senior project manager of Decca Holdings Limited (達藝控股有限公司) from 1996 to 2003. Mr. Law received a Master's degree in project management (工程管理) from Sydney Institute of Technology (悉尼技術學院) in 2004.

Mr. GUO Lin (郭琳)

Aged 43, is the general manager of Fantasia Property Management (International) Co., Ltd. Mr. Guo joined the Group in April 2010 and is responsible for the operation of Fantasia Property Management (International) Company Limited. Prior to joining the Group, he was the assistant to the president of the Beijing Dangdai Group (北京當代集團) from 2008 to 2010 and the deputy general manager of the strategic development department of Yuanyang Real Estate Holding co., Ltd (遠洋地產股份有限公司) from 2007 to 2008, the general manager of Shenzhen Gemdale Property Management Company (深圳金地物業管理公司) from 2004 to 2007 and the general manager of the branch office of Beijing Scitech International Property Management Co., Ltd. (北京賽特國際物業公司分公司) from 2003 to 2004. Mr. Guo received a Bachelor's degree in tourism economics from Tianjin Nankai University (天津南開大學) in 1991, and had finished the study in enterprise management from School of Business in Renmin University of China in 2003.

SENIOR MANAGEMENTS' PROFILE

Mr. TANG Xue Bin (唐學斌)

Aged 43, is the general manager of Shenzhen Colour Life Service Group Ltd, and is also the director of a number of the Group's subsidiaries. Mr. Tang joined the Group in 2002 and is responsible for the operation of Shenzhen Fantasia Property Management Co., Ltd. Prior to joining the Group, he was the deputy general manager of China Overseas Property Management Ltd. (中海物業管理有限公司) from 1997 to 2001. Mr. Tang obtained a Bachelor's degree in industrial electrical automation (工業電氣自動化) from Tongji University (同濟大學) in 1993 and an EMBA degree from China Europe International Business School (中歐國際工商學院) in 2010.

Mr. LIU Jun (劉軍)

Aged 44, is the general manager of Shenzhen Fantasia Hotel Management Co,. Ltd. (深圳市花樣年酒店管理有限公司). Mr. Liu joined the Group in December 1999 and is primarily responsible for the operation of the hotel management. He has been the deputy general manager of Fantasia Group Xingyan Property Consultancy Co., Ltd. (花樣年集團星彥地產顧問有限公司), Shenzhen Xingyanhang Property Co., Ltd. (深圳市星彥行置業有限公司) and Shenzhen Fantasia Colour Life Technology Co., Ltd. (深圳市花樣年彩生活科技有限公司). Prior to joining the Group, he was the person-in-charge of the construction of Baise Hotel of Bank of China Group (中銀集團百色大酒店) from 1998 to 1999, the manager of the personnel and training department of Beihai Furama Hotel (北海富麗華大酒店) from 1994 to 1997. Mr. Liu received a Master's degree in International Business Administration (國際工商管理) from Guanghua School of Management of Peking University (北京大學光華管理學院) in 2005.

Mr. ZHOU Yibo (周宜波)

Aged 48, is the general manager of Shenzhen Huiheng Property Company Limited (originally named as Shenzhen Fantasia) (深圳市匯恒置業有限公司). Mr. Zhou joined the Group in December 2010 and is responsible for the operation of Shenzheng Fantasia (深圳花樣年). Prior to joining the Group, he was the general manager of Shenzhen Zhu Jiang Real Estates Development Company Limited (深圳市珠江房地產開發有限公司) from 2006 to 2010, the general manager of the brokerage department of Dapeng Securities Limited (大鵬證券) from 1998 to 2004, and the manager of Vanke Enterprise Company Limited Wuhan Branch (萬科企業股份有限公司武漢分公司) from 1992 to 1998. Mr. Zhou received a bachelor degree in economics in 1986 and a master degree in finance from Wuhan University (武漢大學) in 1989, respectively and received a doctoral degree in management from Xi'an Jiaotong University (西安交通大學) in 2009.

Shenzhen U Hotel

Mr. JIN Jianglin (金江林)

Aged 47, is the general manager of Dongguan Fantasia Real Estate Investment Co., Ltd. as well as the director of many subsidiaries of the Group. Mr. Jin joined the Group in February 2001 and is currently responsible for the operation of Dongguan Fantasia Real Estate Investment Co., Ltd. From 2001 to 2006, he was the manager of the engineering division, manager of the business division and an assistant to the general manager of Shenzhen Fantasia Investment. Prior to joining the Group, he was a chief supervisor of Shenzhen Huaxi Construction Supervision Co., Ltd. (深圳市華西建設監理有限公司) from 1993 to 2001. Mr. Jin received his Bachelor's degree in conservancy and hydropower engineering from Jiangxi Industrial University (江西工業大學) in 1987.

Mr. ZHANG Zhong (章忠)

Aged 43, is the general manager of the Suzhou Huawanli Real Estate Development Co,. Ltd (蘇州市花萬里房地產開發有限公司). Mr. Zhang joined the Group in May 2010 and is responsible for the operation of the Suzhou Huawanli. He was a general manager of a regional branch of Lenovo Holding Roycom Real Estate Company (聯想控股融科智地房地產公司) from 2006 to 2010, the vice-general manager of Beijing Jiayuan Property Co,. Ltd. (北京嘉源置業有限公司) from 2004 to 2006, and the general manager of the Business Development Department of Lenovo Holding Roycom Real Estate Company (聯想控股融科智地房地產公司) from 1994 to 2004. Mr. Zhang received his Bachelor's degree in civil engineering and Master's degree in structural engineering from Wuhan University of Hydraulic and Electric Engineering (武漢水利電力大學) in 1990 and 1993 respectively.

Mr. GUO Xiaobin (郭曉斌)

Aged 44, is the general manager of Guilin Dihao Property Development Limited (桂林帝豪房地產開發有限公司). Mr. Guo joined the Group in June 2010 and is responsible for the operation of Guilin Dihao. Prior to joining the Group, Mr. Guo was the vice-general manager of CITIC Investment Co., Ltd. (Fujian) (中信(福建)投資有限公司) from 2007 to 2010, a vice general manager of Shenzhen Huadi Investment Co., Ltd. (深圳華地投資有限公司) from 2003 to 2007 and the general manager of the project department and the deputy general manager of the Property Department of the Nanyou Group (南油集團) from 1999 to 2003. Mr. Guo received his Bachelor's degree in structural engineering from Tongji University (同濟大學) in 1990.

Mr. SUN Hong (孫洪)

Aged 38, is the general manager of Chengdu Tonghe Real Estate Development Co., Ltd ("Chengdu Tonghe"). Mr. Sun joined the Group in May 2002 and is primarily responsible for the operation of Chengdu Tonghe. He was the manager of the research and development department, assistant to the general manager, deputy general manager, operation deputy general manager and deputy executive general manager of Chengdu Tonghe from 2002 to 2011. Prior to joining the Group, he was the director of the research and development department and the assistant to deputy general manager of Chengdu Singhu Real Estate integrated Development Co., Ltd. (成都天竺房地產綜合開發公司) from 1996 to 2002. Mr. Sun received a Bachelor's degree in engineering management in Sichuan University (四川大學) in 2005.

Mr. HU Liuding (胡留頂)

Aged 43, is the general manager of the research and development department of Dali Huawanli Real Estate Co., Ltd. (大理市花萬里房地產開發有限公司). Mr. Hu joined the Group in February 2009 and is primarily responsible to the operation of Dali Huawanli. He was the controller of engineering commerce of Shenzhen Huiheng Property Company Limited (深圳市匯恒置業有限公司) from 2009 to 2010, the deputy general manager of hotel construction center of Fantasia Property Group from 2010 to 2011. Prior to joining the Group, he was the engineering manager of construction sites of Shangri-la hotel (Shenzhen) Futian Co., Ltd (香格里拉大酒店(深圳)福田有限公司) from 2004 to 2009 and the project manager of the engineering department of the Kerry Construction (Shenzhen) Co., Ltd (嘉里建設(深圳)有限公司) from 2001 to 2004. Mr. Hu received a Bachelor's degree in industrial and civil engineering from Qingdao Technological University (青島建築工程學院) in 1991.

Mr. LI Xiaojun (李小軍)

Aged 36, is the general manager of Nanjing Fantasia Real Estate Company Limited (南京花樣年房地產開發有限公司). Mr. Li joined the Group in July 2011 and is responsible for the operation of Nanjing Fantasia (南京花樣年). Prior to joining the Group, he was the deputy general manager of Evergrande Real Estate Group Nanjing Branch (恒大地產南京區域公司) and the general manager of Sunan Company (蘇南公司) from 2006 to 2011, as well as the deputy general manager of the project company of Hopson Development Holdings Limited Huizhou Company (合生創展集團惠州公司專案公司) in 2006. Mr. Li received a Bachelor's degree in urban planning (城市規劃) from the Faculty of Civil Engineering (土木工程系) of Guangdong University of Technology (廣東工業大學) in 1991.

Ms. CHENG Jianli (程建麗)

Aged 39, is the general manager of Huizhou Daya Bay Huawanli Industry Company Limited (惠州大亞灣花萬里實業有限公司). Ms. Cheng joined the Group in July 2004 and has served as the human resources director and deputy general manager of the human resources department of Fantasia Property Group Limited (花樣年地產集團有限公司) and the assistant to the general manager of Tianjin Songjiang-Fantasia Real Estate Co., Ltd. (天津松江花樣年置業有限公司). Currently, she is responsible for the operation of Huizhou Fantasia (惠州花樣年). Prior to joining to the Group, Ms. Cheng was the manager in the General Manager Office of Shenzhen Fu-Yi-Da Investment and Development Co. Ltd. (深圳富怡達投資發展有限公司) from 2001 to 2004. Ms. Cheng received a Bachelor's degree in Chinese language and literature (漢語言文學) from Shaanxi Normal University (陝西師範大學) in 1994.

Mr. Lin Zhengze (林政澤)

Aged 44, is the general manager of Taiwan Fantasia Development Holdings Limited (台灣花樣年開發股份限公司). Mr. Lin joined the Group in August 2011 and is responsible for the operation of Taiwan Fantasia (台灣花樣年). Prior to joining to the Group, he has served as the assistant manager of corporate finance department of Taiwan Pang's/Pen Bay International Development (Holdings) Company (台灣潘氏／大鵬灣國際開發(股)公司) and Ma-Tai-An International Development (Holdings) Company (馬太鞍國際開發(股)公司) and the general manager of Tai-Da Back Garden (Holdings) Company (台大後花園(股)公司)) from 2006 to 2011, the chief financial officer of digital technology department of baiy.net (百娛網) and the deputy general manager of Hua Yu Commercial Realty (華宇商用不動產) from 2006 to 2011. Mr. Lin received a Bachelor's degree in business from the Faculty of Accounting of the Soochow University Business School (東吳大學商學院) in 1990.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 46 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2011 are set out in the consolidated statement of comprehensive income on page 59.

DIVIDENDS DISTRIBUTION

The Directors recommend the declaration of a final dividend at the rate of HK4.00 cents per share payable to all persons registered as holders of Shares on 21 May 2012. The aggregate amount shall be paid out of the Company's share premium account. The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on 11 May 2012 ("AGM"), the register of members of the Company will be closed on Monday, 7 May 2012 to Friday, 11 May 2012, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 4 May 2012.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed on Thursday, 17 May 2012 to Monday, 21 May 2012, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 16 May 2012.

SHARE CAPITAL

Details of change during the year in the share capital of the Company are set out in note 37 to the consolidated financial statements.

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 15 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Distributable reserves of the Company as at 31 December 2011, calculated under the Cayman Islands Companies Law, amounted to RMB2,294,430,000 (2010: RMB2,247,191,000) representing share premium of RMB2,620,085,000, setting off by accumulated losses of RMB325,655,000.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year and up to the date of this report were:

Executive directors:
Mr. Pan Jun (Chairman)
Ms. Zeng Jie, Baby
Mr. Feng Hui Ming
Mr. Chan Sze Hon

Independent non-executive directors:
Mr. Ho Man
Mr. Liao Martin Cheung Kong, JP
Mr. Huang Ming
Mr. Xu Quan

In accordance with the provisions of the Company's articles of association, Mr. Pan Jun, Mr. Huang Ming and Mr. Xu Quan will retire by rotation and, being eligible, offer themselves for re-election at the AGM. A circular containing the explanatory statement on repurchase by the Company of the Shares, the biographical details of the Director candidates and the notice of the AGM will be sent to Shareholders.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from 25 November 2009. The service contract may only be terminated in accordance with the provisions of such service contract or by either party giving to the other not less than three months prior notice in writing after the first year of the listing of the Shares on the Stock Exchange.

Each of the independent non-executive Directors is appointed for initial term of three years commencing from 25 November 2009.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Group within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION SHARES

As of 31 December 2011, the interests and short positions of the Directors and the chief executive in the Shares, underlying Shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

(i) **Long positions in the Shares and underlying Shares:**

Director	Nature of interests	Number of Shares held	Interest in underlying Shares	Approximate percentage of shareholding
Zeng Jie, Baby	Interest of controlled corporation(1)	3,174,795,000	–	60.970%
	Personal	–	4,990,000(2)	0.096%
Pan Jun	Personal	–	4,990,000(2)	0.096%
Feng Hui Ming	Personal	–	5,020,000(2)	0.096%
Chan Sze Hon	Personal	–	3,810,000(2)	0.073%
Ho Man	Personal	–	800,000(2)	0.015%
Liao Martin Cheung Kong	Personal	–	800,000(2)	0.015%
Huang Ming	Personal	–	800,000(2)	0.015%
Xu Quan	Personal	–	800,000(2)	0.015%

Notes:

(1) Fantasy Pearl International Limited ("Fantasy Pearl") is owned as to 80% by Ice Apex Limited ("Ice Apex") and 20% by Graceful Star Overseas Limited ("Graceful Star"). While Ice Apex is wholly owned by Ms. Zeng Jie, Baby, Ms. Zeng Jie, Baby is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.

(2) The relevant Director was granted options to subscribe for such number of Shares under the Share Option Scheme on 29 August 2011.

Dongguan Wonderland

(ii) Long positions in Association Corporation

Name of Director	Nature of interest	Name of associated corporation	No. of shares	Description of shares	Percentage of that associated corporation's issued share capital
Zeng Jie, Baby	Corporate Interest[1]	Fantasy Pearl	80 shares	No par value	80%
Pan Jun	Corporate Interest[2]	Fantasy Pearl	20 shares	No par value	20%

Notes:

(1) These are shares held by Ice Apex in Fantasy Pearl and Ice Apex is wholly owned by Ms. Zeng Jie, Baby.

(2) These are shares held by Graceful Star in Fantasy Pearl and Graceful Star is wholly owned by Mr. Pan Jun.

Save as disclosed above, as at 31 December 2011, none of the Directors and chief executive of the Company had an interest or short position in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the director is taken or deemed to have under such provisions of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") which became effective on 27 October 2009 for the purpose of rewarding eligible participants who have contributed to the Group and to encourage eligible participants to work towards enhancing the value of the Company. Eligible participants of the Scheme include Directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% in nominal amount of the aggregate of Shares in issue, unless with the prior approval from the Company's shareholders. The maximum number of Shares in respect of which options may be granted under the Scheme to any individual in any 12-month period is not permitted to exceed 1% in nominal amount of the aggregate of Shares in issue, unless with the prior approval from the Company's shareholders and with such participants and his associates abstaining from voting. Options granted to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates, would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares, in excess of HK$5 million, such grant of options shall be subject to prior approval by resolutions of the Shareholders (voting by way of poll).

An offer of the grant of an option under the Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK$1 to the Company as consideration. Options may be exercised in accordance with the terms of the Scheme at any time from the date of grant until the expiry of 10 years from such date. The subscription price shall be determined by the Board in its absolute discretion, and in any event shall not be less than the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of a Share. As at the date of this report, the total number of Shares available for issue under the Scheme is 411,770,000 Shares, representing 7.91% as at the date of this report.

The summary below set out the details of options granted as at 31 December 2011 pursuant to the Scheme:

					Number of share option				
Name	Date of grant	Exercise price	Closing price of the Shares on the Date of Grant	Balance as at 1 January 2011	Grant during the year	Exercisable/ exercised during the year	Cancelled/ lapsed during the year	Balance as at 31 December 2011	Note
		(HK$)	(HK$)						
Pan Jun	29 August 2011	0.836	0.820	–	4,990,000	–	–	4,990,0000	note (i)
Zeng Jie, Baby	29 August 2011	0.836	–	–	4,990,000	–	–	4,990,0000	note (i)
Feng Hui Ming	29 August 2011	0.836	–	–	2,770,000	–	–	2,770,000	note (i)
	29 August 2011	0.836	–	–	2,250,000	–	–	2,250,000	note (ii)
Chan Sze Hon	29 August 2011	0.836	–	–	2,310,000	–	–	2,310,000	note (i)
	29 August 2011	0.836	–	–	1,500,000	–	–	1,500,000	note (ii)
Ho Man	29 August 2011	0.836	–	–	800,000	–	–	800,0000	note (i)
Liao Martin Cheung Kong	29 August 2011	0.836	–	–	800,000	–	–	800,0000	note (i)
Huang Ming	29 August 2011	0.836	–	–	800,000	–	–	800,0000	note (i)
Xu Quan	29 August 2011	0.836	–	–	800,000	–	–	800,0000	note (i)
			–						
Other employees	29 August 2011	0.836	–	–	36,970,000	–	–	36,970,000	note (i)
	29 August 2011	0.836	–	–	15,250,000	–	–	15,250,000	note (ii)
Total				–	74,230,000	–	–	74,230,000	

Note:

(i) The share options are exercisable during the following periods:

(a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from 29 August 2011 to 28 August 2021 and after the grantee has satisfied the vesting conditions specified by the Board;

(b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021 and after the Grantee has satisfied the vesting conditions specified by the Board;

(c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021 and after the Grantee has satisfied the vesting conditions specified by the Board.

(ii) The share options are exercisable during the following periods:

(a) up to 10% of the share options granted to each Grantee at any time after the expiration of 12 months from the 29 August 2011 to 28 August 2021;

(b) up to 20% of the share options granted to each Grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021;

(c) up to 70% of the share options granted to each Grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company is empowered by the applicable laws of the Cayman Islands and its articles of association to repurchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange. There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed shares during the year ended 31 December 2011.

DIRECTOR'S INTERESTS IN SIGNIFICANT CONTRACTS

No significant contract, to which the Company, its holding company, its controlling shareholders, fellow subsidiaries or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACT

No management contracts in force during the year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As of 31 December 2011, so far as the Directors are aware, the following persons or institutions have beneficial interests or short positions in any shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, Cap 571 of the Laws of Hong Kong, or who is directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Nature of Interest	Number of shares	Approximate percentage of interest in our Company as at 31 December 2011
Fantasy Pearl	Beneficial interest(1)	3,174,795,000	60.97%
Ice Apex	Interest of controlled corporation(2)	3,174,795,000	60.97%
Ms. Zeng Jie, Baby	Interest of controlled corporation	3,174,795,000	60.97%

Notes:

(1) Fantasy Pearl is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is deemed to be interested in the shares held by Fantasy Pearl for the purpose of Part XV of the SFO. Graceful Star is entitled to a pre-emptive right over shares in the capital of Fantasy Pearl pursuant to an agreement made between, among others, Ms. Zeng Jie, Baby, Mr. Pan Jun, Ice Apex and Graceful Star.

(2) Ice Apex is wholly owned by Ms. Zeng Jie, Baby. Ms. Zeng Jie, Baby is deemed to be interested in the shares held by Ice Apex for the purpose of Part XV of the SFO.

Save as disclosed above, as of 31 December 2011, no other shareholder, other than directors or chief executives, of the Company had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the reporting period, the aggregate sales attributable to the five largest customers of the Group accounted for less than 30% of the Group's total sales in the year.

During the reporting period, the aggregate purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases.

None of the Directors, their associates or any shareholders (which to the knowledge of the Director owned more than 5% of the Company's issued share capital) has a beneficial interest in the Group's five largest customers or suppliers.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

Connected transactions which are subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules

On 24 June 2011, (i) the Company and Mr. Yu Shui (the "**Vendor**") entered into a sale and purchase agreement (the "**Acquisition Agreement**"), pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of Strong Nova Holdings Limited (the "**Target Company**") and the loan of approximately RMB160 million owed by the Target Company and its subsidiaries as at the date of the Acquisition Agreement (the "**Shareholder's Loan**") for an aggregate consideration of HK$400,000,000 to be satisfied in cash (the "**Acquisition**"); and (ii) the Company and the Vendor entered into the subscription agreement (the "**Subscription Agreement**"), pursuant to which the Vendor has conditionally agreed to subscribe for 333,333,000 new shares of the Company (the "**Subscription Shares**") at the subscription price of HK$400,000,000 payable to the Company in cash (the "**Subscription**").

As at the date of the Acquisition Agreement and the Subscription Agreement, as the Vendor indirectly held 48% of the registered capital of Shenzhen Fantasia Investment Development Company Limited ("**Shenzhen Fantasia Investment**"), the Vendor was a connected person of the Company for the purpose of the Listing Rules, thus the Acquisition and the Subscription constituted connected transactions on the part of the Company under the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition and the Subscription were above 5% but below 25%, the Acquisition and the Subscription constituted non-exempt connected transactions of the Company under the Listing Rules and were therefore subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, the Acquisition also constituted a discloseable transaction subject to announcement requirement under Chapter 14 of the Listing Rules.

The Board believed that the Acquisition and the Subscription provided a good opportunity for the Company to consolidate the Company's interest and control in Shenzhen Fantasia Investment so that the Company could manage Shenzhen Fantasia Investment more efficiently and effectively and the performance of Shenzhen Fantasia Investment can be better reflected in the accounts of the Company. The Directors considered that the Acquisition and the Subscription (including the basis of the acquisition consideration and the subscription price) were on normal commercial terms which were fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Details of the above connected transactions were disclosed in the Company's announcement dated 24 June 2011 and the Company's circular dated 4 July 2011.

Continuing connected transactions which are exempted from the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules

The following related party transactions as disclosed in note 45 to the consolidated financial statements also constituted continuing connected transactions under the Listing Rules:

(a) The Group provides management services to Huidong Dayawan San Jiao Zhou Recreation Company Limited ("San Jiao Zhou"). During the year ended 31 December 2011, provision of such management services by Shenzhen Colour Life Network Services Company Limited to San Jiao Zhou amounted to approximately RMB980,000 (2010: approximately RMB500,000).

(b) During the year ended 31 December 2011, the Group received properties rental income from Shenzhen Xi Fu Hui Club Management Company Limited of approximately RMB301,000 (2010: RMB301,000).

(c) Shenzhen Cube Architecture Designing Consultants Company Limited ("Cube Architecture") provides design services to the subsidiaries of the Company. During the year ended 31 December 2011, provision of such design services by Cube Architecture amounted to approximately RMB4,154,000 (2010: nil).

Since each of the percentage ratios (other than the profits ratio) for the annual amount of the above transactions were less than 0.1%, the above continuing connected transactions are exempted from the reporting, announcement and independent shareholders' approval requirements.

INTERESTS IN COMPETITORS

None of the Directors or chief executive of the Company or any of their respective associates have engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

EMOLUMENT POLICY

The Group's emolument policy is designed to attract, retain and motivate talented individuals to contribute to the success of the business. The emolument policy of the employees of the Group is formulated and reviewed by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regards to the Group's operating results, individual performance and comparable market statistics.

The Group operates a Mandatory Provident Fund ("MPF") Scheme under rules and regulations of MPF Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as of 31 December 2011.

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in a state-managed retirement benefits scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefits schemes. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions. During the year, the total amounts contributed by the Group to the schemes and costs charged to the consolidated income statement represent contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a prorate basis to existing shareholders.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of its directors at the latest practicable date (i.e. 16 March 2012) prior to the issue of the Annual Report, the Company has maintained a sufficient public float throughout the year ended 31 December 2011.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of significant events occurring after the end of the reporting period are set out in note 48 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board

Pan Jun
Chairman

Hong Kong, 12 March 2012

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Company has always recognized the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with the code provisions set out in the Code on Corporate Governance Practices ("Code on Corporate Governance") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except for the following deviation:

– Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Pan Jun is the chairman and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conductive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Pan and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all Directors whether the Directors have complied with the required standard set out in the Model Code regarding directors' securities transactions during the year ended 31 December 2011 and all Directors confirmed that they have complied with the Model Code.

THE BOARD

The Board is in charge of the task of maximizing the financial performance of the Company, formulating strategies and management policies of the Group, approving strategic objectives and is responsible for providing the shareholders with a long-term return with stable and continuous growth.

Suzhou Lago Paradise

CORPORATE GOVERNANCE REPORT

The Board comprises four executive Directors, being Mr. Pan Jun (Chairman), Ms. Zeng Jie, Baby, Mr. Feng Hui Ming and Mr. Chan Sze Hon, and four independent non-executive Directors, being Mr. Ho Man, Mr. Liao Martin Cheung Kong, JP, Mr. Huang Ming and Mr. Xu Quan. Biographical details of each Directors are set out on pages 39 to 40.

All executive Directors have entered into service contracts with the Company for a specific term of three years while all independent non-executive Directors have entered into letters of appointment with the Company for a specific term of three years. One third of the Directors are subject to retirement from office by rotation and re-election at the annual general meeting once every three years in accordance with the Articles of Association.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board and has met the recommended practice under the Code on Corporate Governance for the Board to have at least one-third in number of its members comprising independent non-executive Directors.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors. The Company is of the view that all the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances, and has full and timely access to all relevant information in relation to the Group's businesses and affairs, but the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law, global economy and real estate and have contributed to the Board with their professional opinions.

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out of corporate activities.

BOARD MEETING

The Board meets on a regular basis and 10 meetings were held during the year. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Executive Directors:	
Mr. Pan Jun	11/11
Ms. Zeng Jie, Baby	10/11
Mr. Feng Hui Ming	11/11
Mr. Chan Sze Hon	11/11
Independent non-executive Directors:	
Mr. Ho Man	8/11
Mr. Liao Martin Cheung Kong, JP	6/11
Mr. Huang Ming	9/11
Mr. Xu Quan	9/11

Directors have timely access to relevant information prior to each board meeting. Directors are given the opportunity to include matters in the agenda for regular board meetings while Directors are entitled to have access to board papers and related materials to allow them to make informed decisions on matters arising from board meetings.

Minutes of board meetings and meetings of other committees are kept by the Company Secretary and are open for inspection by Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman and chief executive officer of our Company is Mr. Pan Jun. Please see reasons set out above explaining why the two roles are being performed by the same individual.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. The Audit Committee currently comprises four independent non-executive Directors, including Mr. Ho Man, Mr. Liao Martin Cheung Kong, JP, Mr. Huang Ming and Mr. Xu Quan, while Mr. Ho Man is the chairman of the Audit Committee. During the year, the Audit Committee held 2 meetings. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Mr. Ho Man	2/2
Mr. Liao Martin Cheung Kong, JP	0/2
Mr. Huang Ming	2/2
Mr. Xu Quan	2/2

The Audit Committee is to review important accounting policies, supervise the Company's financial reporting processes, monitor the performance of the external auditor and the internal audit department, review and evaluate the effectiveness of the Company's financial reporting procedures and internal control and ensure the compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee in compliance with the Listing Rules. The Remuneration Committee currently comprises an executive Director, Mr. Pan Jun, and four independent non-executive Directors, Mr. Huang Ming, Mr. Ho Man, Mr. Liao Martin Cheung Kong, JP and Mr. Xu Quan, while Mr. Huang Ming is the chairman of the committee. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Mr. Huang Ming	1/1
Mr. Ho Man	0/1
Mr. Liao Martin Cheung Kong, JP	1/1
Mr. Xu Quan	1/1
Mr. Pan Jun	1/1

The Remuneration Committee is responsible for advising the Board on the remuneration policy and framework of the Company's Directors and senior management member(s), as well as reviewing and determining the remuneration of all executive Directors and senior management member(s) with reference to the Company's objectives from time to time.

Chengdu Grande Valley

Suzhou Lago Paradise

NOMINATION COMMITTEE

The Company has established the Nomination Committee in compliance with the Listing Rules. The Nomination Committee currently comprises two executive Directors, Mr. Pan Jun, and , Ms. Zeng Jie, Baby and four independent non-executive Directors, Mr. Ho Man, Mr. Liao Martin Cheung Kong, JP, Mr. Huang Ming and Mr. Xu Quan. In order to comply with the forthcoming amendments to the Listing Rules which will be effective on 1 April 2012, the Board announces that Ms. Zeng Jie, Baby cease to be the chairman of the nomination committee of the Company and Mr. Pan Jun has been appointed as chairman of the nomination committee of the Company with effect from 12 March 2012. Ms. Zeng Jie, Baby shall remain as a member of the nomination committee.

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the Nomination Committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge as well as the requirements under the Listing Rules.

During the year ended 31 December 2011, no meeting was held by the Nomination Committee but members of the Nomination Committee have reviewed the composition of the Board which is determined by directors' skills and experience appropriate to the Company's business.

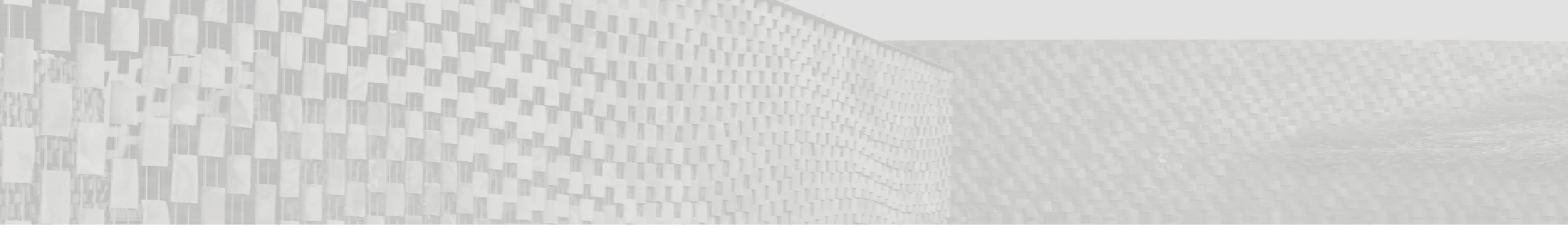
AUDITORS' REMUNERATION

During the year, the total remuneration in respect of statutory audit services paid to the Company's auditors, Messrs Deloitte Touche Tohmatsu ("Deloitte") and PRC local auditors, amounted to approximately RMB2,994,000 and RMB1,075,000, respectively. Total service charges are as follows:

	RMB'000
Paid to Deloitte for statutory audit services	2,994
Paid to PRC auditors for statutory audit services	1,075
Total	4,069

INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness in order to safeguard the Group's assets and shareholders' interests. The Board will conduct regular review regarding internal control systems of the Group. During the year ended 31 December 2011, the Board conducted a review and assessment of the effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management. Besides, the audit committee of the Company and the Board also will perform regular review on the Group's performance and internal control system in order to ensure effective measures are in place to protect material assets and identify business risks of the Group.



DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The reporting responsibilities of our Company's external auditors on the financial statements of the Group are set out on page 58 of the "Independent Auditor's Report" in this annual report.

EFFECTIVE COMMUNICATION WITH INVESTORS

As a showpiece of the Company facing the capital market, the team of Investor Relations engages in providing effective ways for shareholders and investors to obtain true and accurate company information fairly, immediately and objectively. In order to enhance the communication between the Company and the investors, as well as to improve the transparency of the Company, in addition to the issue of monthly and quarterly newsletters and interim and annual financial reports, the Company will also actively answer relevant questions raised by the shareholders and investors through emails and phone calls. Meanwhile, the Company has also arranged site visits, reverse road shows and held a number of non-deal road shows and actively participated in a couple of global investors conferences and forums held by investment banks.

In 2011, the Company has totally arranged and received over 300 investors (through companies meetings, tele-conferences, site visits, investors meetings, luncheons), participated in nine investors summits held by investment banks, met the investors from over a hundred investment institutions to timely disclose the company information to investors and get the feedback from the capital market so as to strengthen investors' confidence over the Company. During the year, nine research institutions on sell side released a total of 18 research reports about the Company and this helps the Company gain popularity from the capital market.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF FANTASIA HOLDINGS GROUP CO., LIMITED
花樣年控股集團有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Fantasia Holdings Group Co., Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 59 to 142, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 give a true and fair view of the state of affairs of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
12 March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Revenue	7	5,592,350	4,471,234
Cost of sales and services		(3,200,650)	(2,546,440)
Gross profit		2,391,700	1,924,794
Other income, gains and losses	8	46,922	32,199
Change in fair value of investment properties	16	182,980	320,461
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	28	191,142	67,326
Selling and distribution expenses		(262,433)	(131,278)
Administrative expenses		(309,972)	(238,724)
Finance costs	9	(108,471)	(180,131)
Impairment loss recognised in respect of goodwill	26	(1,321)	(5,375)
Share of results of associates		171	406
Gain on disposal of an associate		3,533	–
Gain on disposal of a subsidiary	39	17,589	–
Profit before taxation	10	2,151,840	1,789,678
Income tax expense	11	(942,199)	(828,708)
Profit for the year		1,209,641	960,970
Other comprehensive income (expense)			
Surplus on revaluation of properties		11,795	–
Deferred taxation liability arising from revaluation of properties		(2,949)	–
Other comprehensive income for the year (net of income tax)		8,846	–
Total comprehensive income for the year		1,218,487	960,970
Profit for the year attributable to:			
Owners of the Company		1,153,624	807,281
Non-controlling interests		56,017	153,689
		1,209,641	960,970
Total comprehensive income attributable to:			
Owners of the Company		1,162,470	807,281
Non-controlling interests		56,017	153,689
		1,218,487	960,970
Earnings per share – Basic (RMB)	14	0.23	0.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	529,215	374,434
Investment properties	16	2,443,694	1,697,677
Interests in associates	17	1,077	17,795
Advance to an associate	18	–	72,041
Prepaid lease payments	19	163,307	346,045
Premium on prepaid lease payments	20	440,275	359,203
Prepayment		11,890	43,370
Land development expenditure	21	1,335,848	393,849
Deposits paid for acquisition of subsidiaries	23	8,084	–
Deposits paid for acquisition of a property project	24	104,900	37,000
Deferred tax assets	27	220,826	157,504
		5,259,116	3,498,918
CURRENT ASSETS			
Properties for sale	28	10,222,320	7,644,582
Prepaid lease payments	19	6,413	6,881
Premium on prepaid lease payments	20	11,157	6,101
Deposits paid for acquisition of land use rights	22	–	763,095
Trade and other receivables	29	1,216,377	977,179
Amounts due from related parties	30	3,262	7,500
Amounts due from customers for contract works	31	16,359	15,939
Tax recoverable		51,143	5,580
Restricted bank deposits	32	315,134	85,161
Bank balances and cash	32	1,021,355	2,371,452
		12,863,520	11,883,470
CURRENT LIABILITIES			
Trade and other payables	33	2,268,829	1,686,718
Deposits received for sale of properties		2,619,004	1,834,067
Amounts due to related parties	34	2,547	100,549
Tax payable		1,527,259	1,104,147
Borrowings – due within one year	35	2,100,069	2,132,381
		8,517,708	6,857,862
NET CURRENT ASSETS		4,345,812	5,025,608
TOTAL ASSETS LESS CURRENT LIABILITIES		9,604,928	8,524,526

	Notes	2011 RMB'000	2010 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	27	212,347	128,121
Borrowings – due after one year	35	2,640,933	2,642,605
Senior notes	36	752,367	787,330
		3,605,647	3,558,056
		5,999,281	4,966,470
CAPITAL AND RESERVES			
Share capital	37	457,093	429,389
Reserves		5,361,531	4,072,745
Equity attributable to owners of the Company		5,818,624	4,502,134
Non-controlling interests		180,657	464,336
		5,999,281	4,966,470

The consolidated financial statements on pages 59 to 142 were approved and authorised for issue by the Board of Directors on 12 March 2012 and are signed on its behalf by:

Pan Jun
DIRECTOR

Chan Sze Hon
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000 (Note i)	Special reserve RMB'000 (Note ii)	Share option reserve RMB'000 (Note iii)	Contribution reserve RMB'000	Statutory reserves RMB'000 (Note iv)	Discretionary reserves RMB'000 (Note iv)	Property revaluation reserve RMB'000 (Note v)	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2010	429,389	2,556,336	(595)	–	40,600	31,120	1,477	–	711,932	3,770,259	311,102	4,081,361
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	–	807,281	807,281	153,689	960,970
Acquisition of additional interest in a subsidiary	–	–	(306)	–	–	–	–	–	–	(306)	–	(306)
Acquisition of subsidiaries (note 38(b))	–	–	–	–	–	–	–	–	–	–	42	42
Contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	2,800	2,800
Transfer	–	–	–	–	–	2,985	–	–	(2,985)	–	–	–
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(3,297)	(3,297)
Dividend paid to shareholders of the Company	–	(75,100)	–	–	–	–	–	–	–	(75,100)	–	(75,100)
At 31 December 2010 and 1 January 2011	429,389	2,481,236	(901)	–	40,600	34,105	1,477	–	1,516,228	4,502,134	464,336	4,966,470
Profit for the year	–	–	–	–	–	–	–	–	1,153,624	1,153,624	56,017	1,209,641
Surplus on revaluation of properties	–	–	–	–	–	–	–	11,795	–	11,795	–	11,795
Deferred taxation liability arising from revaluation of properties	–	–	–	–	–	–	–	(2,949)	–	(2,949)	–	(2,949)
Other comprehensive income for the year	–	–	–	–	–	–	–	8,846	–	8,846	–	8,846
Total comprehensive income for the year	–	–	–	–	–	–	–	8,846	1,153,624	1,162,470	56,017	1,218,487
Issue of shares	27,704	304,736	–	–	–	–	–	–	–	332,440	–	332,440
Acquisition of additional interest in subsidiaries	–	–	(10,082)	–	–	–	–	–	–	(10,082)	(334,758)	(344,840)
Acquisition of subsidiaries (note 38(b))	–	–	–	–	–	–	–	–	–	–	(260)	(260)
Disposal of partial interest without loss of control	–	–	(4,690)	–	–	–	–	–	–	(4,690)	4,690	–
Disposal of a subsidiary (note 39)	–	–	–	–	–	–	–	–	–	–	(646)	(646)
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(8,722)	(8,722)
Dividend paid to shareholders of the Company	–	(165,888)	–	–	–	–	–	–	–	(165,888)	–	(165,888)
Recognition of equity-settled share-based payments	–	–	–	2,240	–	–	–	–	–	2,240	–	2,240
Transfer	–	–	–	–	–	6,303	–	–	(6,303)	–	–	–
At 31 December 2011	457,093	2,620,084	(15,673)	2,240	40,600	40,408	1,477	8,846	2,663,549	5,818,624	180,657	5,999,281

Notes:

(i) Pursuant to article 16 of the Company's Article of Association, the Company is permitted to pay out final dividend from share premium account.

(ii) Special reserve arising from the change in Group's ownership interest in subsidiaries without loss of control represents the difference between the consideration paid or received and the adjustment to the non-controlling interests.

(iii) Share options reserve represents the share-based payment under the Company's share option scheme.

(iv) The statutory reserves and discretionary reserves relate to subsidiaries in the People's Republic of China (the "PRC") and are non-distributable. Transfers to these reserves are determined by the board of directors or the shareholders' meeting in accordance with the relevant laws and regulations of the PRC. These reserves can be used to offset accumulated losses, expand the scale of production and business and increase capital upon approval from the relevant authorities.

(v) Revaluation surplus arising from the transfer of owner-occupied property to investment properties at the date of change in use amounted to RMB 11,795,000.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2011

	2011 RMB'000	2010 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	2,151,840	1,789,678
Adjustments for:		
Change in fair value of investment properties	(182,980)	(320,461)
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	(191,142)	(67,326)
Release of prepaid lease payments	4,824	8,039
Release of premium on prepaid lease payments	6,864	3,997
Release of prepayment	14,533	20,000
Depreciation of property, plant and equipment	21,474	11,058
Gain on disposal of property, plant and equipment	(5)	(77)
Impairment loss recognised in respect of goodwill	1,321	5,375
(Reversal) allowance on bad and doubtful debts, net	(265)	2,937
Interest income	(8,941)	(15,781)
Imputed interest income on non-current interest-free advance to an associate	(537)	(3,593)
Finance costs	108,471	180,131
Net foreign exchange gain	(28,573)	(1,618)
Share of results of associates	(171)	(406)
Share-based payment expenses	2,240	–
Gain on disposal of a subsidiary	(17,589)	–
Gain on disposal of an associate	(3,533)	–
Operating cash flows before movements in working capital	1,877,831	1,611,953
Addition to prepaid lease payments	(148,412)	(700,696)
Increase in land development expenditure	(909,960)	(393,849)
Increase in properties for sale	(1,229,587)	(687,919)
Increase in deposits paid for acquisition of land use rights	–	(763,095)
Increase in trade and other receivables	(141,850)	(338,776)
Decrease in prepayment	17,000	9,802
Increase in prepayment to a related party for construction work	–	(7,500)
Increase in amounts due from customers for contract works	(420)	(12,131)
Increase in trade and other payables	519,205	731,364
Increase (decrease) in deposits received for sale of properties	784,937	(546,175)
Decrease in amounts due from related parties	7,500	–
Increase in amounts due to related parties	2,547	–
Cash generated from (used in) operations	778,791	(1,097,022)
Enterprise income tax ("EIT") paid, net	(218,726)	(129,423)
Land appreciation tax ("LAT") paid	(326,729)	(99,529)
Interest paid	(436,914)	(305,973)
NET CASH USED IN OPERATING ACTIVITIES	(203,578)	(1,631,947)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
INVESTING ACTIVITIES			
Deposits paid for acquisition of a property project		(67,900)	(37,000)
(Increase) decrease in restricted bank deposits		(229,973)	104,551
Settlement of consideration payable		(63,900)	–
Purchases of property, plant and equipment		(155,933)	(73,665)
Additions to investment properties		(273,973)	(330,519)
Acquisition of assets and liabilities through acquisition of subsidiaries (net of cash and cash equivalents acquired)	38(a)	(180,223)	(1,411,326)
Acquisition of business (net of cash and cash equivalents acquired)	38(b)	822	(1,408)
Interest received		8,941	15,781
Investment in an associate		–	(500)
Proceeds from disposal of property, plant and equipment		8,114	471
Disposal of a subsidiary	39	11,691	–
Disposal of an associate		96,000	–
Deposits paid for acquisition of subsidiaries		(8,084)	–
Proceeds from disposal of investment properties		1,450	–
Increase in amounts due from related parties		(3,262)	–
NET CASH USED IN INVESTING ACTIVITIES		(856,230)	(1,733,615)
FINANCING ACTIVITIES			
Net proceeds from the issuance of senior notes	36	–	794,076
Contribution from a non-controlling shareholders		–	2,800
New borrowings raised		2,755,861	3,553,495
Repayment of borrowings		(2,738,576)	(2,190,084)
Dividends paid to shareholders of the Company		(165,888)	(75,100)
Dividend paid to non-controlling shareholders		(8,722)	(3,297)
Repayment to a related party		(100,549)	(310)
Acquisition of additional interest in subsidiaries		(344,840)	(306)
Proceeds from issue of shares		332,440	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(270,274)	2,081,274
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,330,082)	(1,284,288)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,371,452	3,696,488
Effect of foreign exchange rate changes		(20,015)	(40,748)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		1,021,355	2,371,452

1. General

The Company was incorporated in the Cayman Islands on 17 October 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") with effect from 25 November 2009. Its parent is Fantasy Pearl International Limited, a limited liability company incorporated in the British Virgin Islands (the "BVI"). Its ultimate holding company is Ice Apex Limited, a limited liability company also incorporated in the BVI. Its ultimate controlling party is Ms. Zeng Jie, Baby. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is Room 1103, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong while its principal place of business in the People's Republic of China (the "PRC") is 27/F, Block A, Hailrun Complex, No.6021 Shennan Boulevard, Shenzhen 518040, Guangdong Province, the PRC.

The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 46.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK (IFRIC) – INT 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2011

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised Standards and Interpretations issued but not yet effective

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

HKFRS 9 Financial Instruments (continued)

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future will not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below:

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (continued)

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these five standards and have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to HKAS 12 in future accounting periods will result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments to HKAS 12 and hence have not yet quantified the extent of the impact.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The significant accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. Significant Accounting Policies (continued)

Basis of consolidation (continued)

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (effective from 1 January 2010 onwards).

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. Significant Accounting Policies (continued)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another Standard.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

3. Significant Accounting Policies (continued)

Investment properties (continued)

Property that is being constructed or developed for future use as investment property is classified as investment property. If the fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or construction is completed.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. Significant Accounting Policies (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequent whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in a subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Land development expenditure

Land development expenditure is stated at the lower of cost and net realisable value. The cost includes expenditure directly attributable to the development of relevant projects such as road construction, demolition, resettlement work and borrowing cost.

Properties for sale

Completed properties and properties under development for sale in the ordinary course of business are included in current assets and stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses.

The Group transfers a property from inventories to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

3. Significant Accounting Policies (continued)

Installation contracts

Where the outcome of the installation contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by reference to the proportion that billings agreed with the customer to date relative to the estimated total revenue for each contract. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received included in other payables. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are generally classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including advance to an associate, deposits paid for acquisition of land use rights, subsidiaries and a property project, trade and other receivables, restricted bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities (including trade and other payables, amounts due to related parties, borrowings and senior notes) are subsequently measured at amortised cost, using the effective interest method.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Senior notes

Senior notes issued by the Group that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible assets other than goodwill (see accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Derecognition (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for properties sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of properties

Revenue from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

When the completed properties are sold in exchange for dissimilar goods or services, the exchange is regarded as a transaction which generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred.

Agency fee, service income, management fee, parking fee and consultation fee

Agency fee, service income, management fee, parking fee and consultation fee are recognised when services are provided.

Contract revenue

Contract revenue from installation contract is recognised when the outcome of the contract can be estimated reliably and the stage of completion at the end of reporting period can be measured reliably. Revenue from construction contracts is recognised on the percentage of completion method, measured by reference to the proportion that billings agreed with the customer to date relative to the estimated total revenue for each contract. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract cost incurred that it is probable to be recoverable.

Hotel operation

Revenue from hotel accommodation, hotel management and related services, food and beverage sales and other ancillary services is recognised when the services are rendered.

Revenue recognition (continued)

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Significant Accounting Policies (continued)

Leasing (continued)

The Group as lessee (continued)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Prepaid lease payments

The prepaid lease payments represent upfront payments for land use rights for the purpose of development of properties for sale or for use in the production or supply of goods or services, and are initially recognised at cost and released to profit or loss over the remaining lease term on a straight-line basis. The prepaid lease payments in respect of development of projects for sale whereby the construction work is expected to complete beyond normal operating cycle are classified under non-current assets.

Premium on prepaid lease payments

The premium on prepaid lease payments represent the excess of the consideration paid over the carrying amount of the prepaid lease payments in respect of leasehold lands in the PRC acquired through acquisition of subsidiaries and released to profit or loss over the remaining lease term on a straight-line basis. The premium on prepaid lease payments in respect of projects whereby the construction work is expected to complete beyond normal operating cycle are classified under non-current assets.

3. Significant Accounting Policies (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

3. Significant Accounting Policies (continued)

Retirement benefit costs

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of the entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss in the period in which they arise.

Share-based payment transactions

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

4. Key Sources of Estimation Uncertainty

In the application of applying the Group's accounting policies, which are described in note 3, the management has made various estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on past experience, expectations of the future and other information that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of 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.

Determination of net realisable value of properties under development for sale and completed properties for sale

Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value with aggregate carrying amount of approximately RMB10,222,320,000 (2010: RMB7,644,582,000). Cost of each unit in each phase of development is determined using the weighted average method. The net realisable value is the estimated selling price less estimated selling expenses and estimated cost of completion (if any), which are determined based on best available information. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, there may be write-down on the properties under development for sale and completed properties for sale.

LAT

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their land appreciation tax calculations and payments with any local tax authorities in the PRC. Accordingly, significant estimate is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit or taxable temporary difference will be available against which the losses can be utilised. Significant management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits or taxable temporary difference together with future tax planning strategies.

Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties for sale and charged to the consolidated statement of comprehensive income upon the recognition of the sales of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate. During the development stage, the Group typically divides the development projects into phases. Costs that are common to different phases are allocated to individual phases based on saleable area. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

5. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year. The capital structure of the Group consists of debt, which includes amounts due to related parties as disclosed in note 34, borrowings as disclosed in note 35, senior notes as disclosed in note 36, cash and cash equivalents as disclosed in note 32 and equity attributable to owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure periodically. As a part of this review, the corporate finance department reviews the planned construction projects proposed by engineering department and prepares the annual budget taking into account of the provision of funding.

The directors of the Company then assess the annual budget and consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

6. Financial Instruments

(a) Categories of financial instruments

	2011 RMB'000	2010 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	2,530,510	3,535,453
Financial liabilities		
Amortised cost	7,655,232	7,306,656

(b) Financial risk management objectives and policies

The Group's major financial instruments include advance to an associate, deposits paid for acquisition of land use rights, subsidiaries and a property project, trade and other receivables, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, borrowings and senior notes. Details of these financial instruments are disclosed in respective notes.

The management monitors and manages the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(c) Foreign currency risk management

The Group has bank balances, borrowings and senior notes which are denominated in foreign currencies of the relevant group entities, hence expose to exchange rate fluctuations.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective reporting periods are as follow:

	2011 RMB'000	2010 RMB'000
Assets		
United States Dollars ("USD")	5,195	17,376
Hong Kong Dollars ("HKD")	288,798	520,692
Taiwan Dollars ("TWD")	3,496	–

	2011 RMB'000	2010 RMB'000
Liabilities		
USD	1,596,688	1,449,600
HKD	163,761	199,111

The Group currently does not enter into any derivative contracts to minimise the currency risk exposure. However, the management will consider hedging significant currency risk should the need arises.

The Group mainly exposes to the effects of fluctuation in USD and HKD against RMB.

6. Financial Instruments (continued)

(c) Foreign currency risk management (continued)

The following table details the Group's sensitivity to a 5% (2010: 5%) increase and decrease in the RMB against the relevant foreign currencies. 5% (2010: 5%) is the sensitivity rate used in management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2010: 5%) change in foreign currency rates. The sensitivity analysis includes bank balances, borrowings and senior notes. A positive number indicates an increase in profit for the year where the RMB strengthens against the relevant currencies. For a 5% (2010: 5%) weakening of the RMB against the relevant currencies, there would be an equal and opposite impact on the profit for the year.

	2011 RMB'000	2010 RMB'000
USD		
Increase in profit for the year	79,575	71,613
HKD		
Decrease in profit for the year	(6,252)	(16,078)
TWD		
Decrease in profit for the year	(175)	–

During the year ended 31 December 2011, in management's opinion, the sensitivity analysis is unrepresentative of the foreign exchange risk as the year end exposure does not reflect the exposure during the year. USD denominated borrowings and HKD denominated bank balances were incurred in the last quarter of the 2010 financial year, which results in an increment in the respective balances at year end.

(d) Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and variable-rate borrowings.

The Group is also exposed to fair value interest rate risk which relates primarily to its balance with a related party, fixed-rate borrowings and senior notes (see notes 34, 35 and 36). The Group currently does not use any derivative contracts to hedge its loans to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arises.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the London Interbank Offered Rate ("LIBOR") arising from the Group's USD borrowings, the Hong Kong Interbank Offer Rate ("HIBOR") arising from the Group's HKD borrowings and Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate") from the Group's RMB borrowings.

Sensitivity analysis

Bank balances

The sensitivity analysis below has been determined based on the exposure to interest rates for the bank balances at the end of the reporting period. A 25 basis points (2010: 25 basis points) increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been higher/lower by 25 basis points (2010: 25 basis points) and all other variables were held constant, the Group's profit for the year ended 31 December 2011 would increase/decrease by approximately RMB2,506,000 (2010: increase/decrease of approximately RMB4,607,000).

6. Financial Instruments (continued)

(d) Interest rate risk management (continued)

Sensitivity analysis (continued)

Variable-rate borrowings

The sensitivity analysis below has been determined based on the exposure to interest rates for the variable-rate borrowings at the end of the reporting period. A 50 basis points (2010: 50 basis points) increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been higher/lower by 50 basis points (2010: 50 basis points) and all other variables were held constant, the Group's profit for the year ended 31 December 2011 would decrease/increase by approximately RMB5,036,000 (2010: decrease/increase of approximately RMB16,706,000), net of interest capitalised in accordance with the Group's accounting policy.

(e) Credit risk management

As at 31 December 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 44.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of counterparties and customers.

At 31 December 2011, the Group has concentration of credit risk on the deposits paid for acquisition of a property project, which are all engaged in PRC property development business.

The Group's credit risk on liquid funds is limited because the counterparties are banks with high credit ratings and good reputation established in the PRC and Hong Kong. The Group's credit risk on deposits paid on acquisition of land use rights is not significant as the counterparties are enterprises with good reputation established in PRC.

For properties under development which are subject to pre-sales agreements, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's purchase deposit and sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

6. Financial Instruments (continued)

(f) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on borrowings, amounts due to related parties and senior notes as a significant source of liquidity. As at 31 December 2011, the Group has total available unutilised overdraft and bank loan facilities of approximately RMB478,000,000 (2010: RMB869,145,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity table

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2011								
Non-derivative financial liabilities								
Trade and other payables	–	786,674	389,199	949,438	34,005	–	2,159,316	2,159,316
Amounts due to related parties	–	2,547	–	–	–	–	2,547	2,547
Borrowings								
– fixed rate	–	–	–	–	–	–	–	–
– variable rate	6.68	238,280	46,333	1,862,997	2,544,013	799,036	5,490,659	4,741,002
Financial guarantee contracts	–	2,478,814	–	–	–	–	2,478,814	–
Senior notes	14.89	–	–	105,855	1,020,746	–	1,126,601	752,367
		3,506,315	435,532	2,918,290	3,598,764	799,036	11,257,937	7,655,232
As at 31 December 2010								
Non-derivative financial liabilities								
Trade and other payables	–	471,003	680,213	481,389	11,186	–	1,643,791	1,643,791
Amount due to a related party	7.02	100,549	–	–	–	–	100,549	100,549
Borrowings								
– fixed rate	5.37	1,432	2,865	111,167	225,709	–	341,173	320,000
– variable rate	5.58	224,813	144,329	1,645,777	2,695,855	109,072	4,819,846	4,454,986
Financial guarantee contracts	–	1,689,775	–	–	–	–	1,689,775	–
Senior notes	14.89	–	–	111,261	1,184,139	–	1,295,400	787,330
		2,487,572	827,407	2,349,594	4,116,889	109,072	9,890,534	7,306,656

6. Financial Instruments (continued)

(f) Liquidity risk management (continued)

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2011, the aggregate undiscounted principal amounts of these bank loans amounted to approximately RMB203,761,000 (2010: RMB199,111,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid ranging from 1 year to 3 years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to RMB221,662,000 (2010:RMB215,977,000).

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(g) Fair value

The fair values of financial assets and financial liabilities are determined as follow:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair values of other financial assets and financial liabilities are determined is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except for the senior notes set out in note 36, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

7. Revenue and Segment Information

	2011 RMB'000	2010 RMB'000
Sales of properties (Note)	5,396,289	4,320,413
Rental income from investment properties	37,887	17,727
Agency fee from provision of property agency services	10,571	36,845
Management fee and installation services fee from provision of property operation services	124,895	89,228
Hotel operations	22,708	7,021
	5,592,350	4,471,234

Note: The properties sold by the Group are mainly represented by residential properties.

The segment information reported externally was analysed on the basis of their products and services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the directors of the Company, the chief operating decision maker, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services.

Inter-segment revenue are eliminated on consolidation.

The Group has five reportable and operating segments as follows:

Property development	–	developing and selling of properties in the PRC
Property investment	–	leasing of investment properties
Property agency services	–	provision of property agency and other related services
Property operation services	–	provision of property management, installation of security systems and other related services
Hotel operations	–	provision of hotel accommodation, hotel management and related services, food and beverage sales and other ancillary services

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, interest income, imputed interest income on non-current interest-free advance to an associate, exchange gain, share of results of associates, gain on disposal of an associate, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker also reviews the segment assets attributable to each operating segment, which comprises assets other than interests in associates, advance to an associate, restricted bank deposits, bank balances and cash and other corporate assets.

7. Revenue and Segment Information (continued)

The following is an analysis of the Group's revenue, results and other material items by reportable and operating segment under review:

Segment revenues, results, assets and other material items for 31 December 2011:

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Total RMB'000
External revenues	5,396,289	37,887	10,571	124,895	22,708	5,592,350
Inter-segment revenues	3,617	1,835	7,430	158,781	–	171,663
Segment result	1,839,573	400,483	42,396	68,366	(39,869)	2,310,949
Segment assets	13,319,848	2,445,142	2,011	302,290	422,111	16,491,402
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets (note)	51,822	524,753	144	8,185	153,284	738,188
Change in fair value of investment properties	–	182,980	–	–	–	182,980
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	–	191,142	–	–	–	191,142
Release of prepaid lease payments	4,736	–	–	–	88	4,824
Release of premium on prepaid lease payments	6,864	–	–	–	–	6,864
Depreciation of property, plant and equipment	7,771	–	338	2,450	10,687	21,246
Loss (gain) on disposal of property, plant and equipment	33	–	–	(25)	(13)	(5)
(Reversal) allowance on bad and doubtful debts, net	(2,334)	–	–	2,069	–	(265)

Inter-segment revenues are charged at prevailing market rate.

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7. Revenue and Segment Information (continued)

Segment revenues, results, assets and other material items for 31 December 2010:

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Total RMB'000
External revenues	4,320,413	17,727	36,845	89,228	7,021	4,471,234
Inter-segment revenues	5,184	–	32,511	18,557	5	56,257
Segment result	1,606,296	403,384	7,409	36,244	(14,836)	2,038,497
Segment assets	10,522,812	1,703,856	10,959	105,042	329,400	12,672,069
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets (note)	39,390	795,848	872	6,332	175,693	1,018,135
Change in fair value of investment properties	–	320,461	–	–	–	320,461
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	–	67,326	–	–	–	67,326
Release of prepaid lease payments	8,039	–	–	–	–	8,039
Release of premium on prepaid lease payments	3,997	–	–	–	–	3,997
Depreciation of property, plant and equipment	5,287	–	1,582	1,777	2,294	10,940
Gain on disposal of property, plant and equipment	(11)	–	(66)	–	–	(77)
Allowance on bad and doubtful debts, net	2,400	–	–	537	–	2,937

Inter-segment revenues are charged at prevailing market rate.

Note: Additions to non-current assets comprise mainly additions to property plant and equipment and investment properties and exclude interests in associates, advance to an associate, prepayment, deposits paid for acquisition of subsidiaries and a property project, deferred tax assets.

7. Revenue and Segment Information (continued)

Reconciliation:

	2011 RMB'000	2010 RMB'000
Revenue:		
Total revenue for reportable segments	5,764,013	4,527,491
Elimination of inter-segment revenues	(171,663)	(56,257)
Group's total revenues	5,592,350	4,471,234
Profit or loss:		
Segment result	2,310,949	2,038,497
Elimination of inter-segment result	(50,728)	(43,134)
Unallocated amounts:		
Unallocated income	38,053	20,917
Unallocated corporate expenses	(40,346)	(41,502)
Finance costs	(108,471)	(180,131)
Impairment of loss recognised in respect of goodwill	(1,321)	(5,375)
Share of results of associates	171	406
Gain on disposal of an associate	3,533	–
Profit before taxation	2,151,840	1,789,678
Assets:		
Total assets for reportable segments	16,491,402	12,672,069
Unallocated assets:		
Interests in associates	1,077	17,795
Advance to an associate	–	72,041
Restricted bank deposits	62,198	85,161
Bank balances and cash	1,274,291	2,371,452
Corporate assets	293,668	163,870
Group's total assets	18,122,636	15,382,388

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7. Revenue and Segment Information (continued)

Reconciliation: (continued)

	2011 RMB'000	2010 RMB'000
Other material items:		
Release of prepaid lease payments		
Reportable segment totals	4,824	8,039
Unallocated amount	–	–
Group's total	4,824	8,039
Release of premium on prepaid lease payments		
Reportable segment totals	6,864	3,997
Unallocated amount	–	–
Group's total	6,864	3,997
Depreciation of property, plant and equipment		
Reportable segment totals	21,246	10,940
Unallocated amount	228	118
Group's total	21,474	11,058
Additions to non-current assets		
Reportable segment totals	738,188	1,018,135
Unallocated amount	568	69
Group's total	738,756	1,018,204
Gain on disposal of property, plant and equipment		
Reportable segment totals	(5)	(77)
Unallocated amount	–	–
Group's total	(5)	(77)
(Reversal) allowance on bad and doubtful debt, net		
Reportable segment totals	(265)	2,937
Unallocated amount	–	–
Group's total	(265)	2,937
Impairment loss recognised in respect of goodwill		
Reportable segment totals	1,321	5,375
Unallocated amount	–	–
	1,321	5,375

The Group's revenue from external customers is derived solely from its operations in the PRC, and non-current assets of the Group are mainly located in the PRC.

During the years ended 31 December 2011 and 2010, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

8. Other Income, Gains and Losses

	2011 RMB'000	2010 RMB'000
Interest income	8,941	15,781
Imputed interest income on non-current interest-free advance to an associate	537	3,593
Forfeiture income on deposits received	1,148	378
Government grant (note)	5,797	10,133
Net exchange gain	28,573	1,618
Others	1,926	696
	46,922	32,199

Note: The amount represents the grants received from the relevant PRC government to encourage the development of real estate industry. The subsidies are unconditional and granted on a discretionary basis to the Group during the year.

9. Finance Costs

	2011 RMB'000	2010 RMB'000
Interest on:		
– borrowings wholly repayable within five years	294,931	239,575
– borrowings not wholly repayable within five years	30,247	1,742
– senior notes	75,029	74,589
– amounts due to related parties	1,744	7,098
Less: Amount capitalised in properties under development for sale	(256,522)	(139,657)
Amount capitalised in land development expenditure	(32,039)	–
Amount capitalised in investment properties under development	(4,663)	–
Amount capitalised in construction in progress	(256)	(3,216)
	108,471	180,131

In 2010, certain amount of borrowing costs capitalised arose on the general borrowing pool and were calculated by applying the capitalisation rates of 6.06% per annum to expenditure on qualifying assets. In 2011, all the borrowing cost capitalised arose on the specific borrowings.

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10. Profit before Taxation

	2011 RMB'000	2010 RMB'000
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments (note 12)	8,617	10,104
Other staff's salaries and allowances	218,619	181,983
Retirement benefit scheme contributions	22,052	13,575
Share-based payment	1,578	–
Total staff costs	250,866	205,662
Less: Amount capitalised in properties under development for sale	(67,475)	(36,690)
	183,391	168,972
Auditor's remuneration	4,069	3,221
Release of prepaid lease payments	4,824	8,039
Release of premium on prepaid lease payments	6,864	3,997
Depreciation of property, plant and equipment	21,474	11,058
Gain on disposal of property, plant and equipment	(5)	(77)
(Reversal) allowance on bad and doubtful debts, net	(265)	2,937
Cost of properties recognised as an expense	2,771,307	2,014,859
Contract cost recognised as an expense	39,318	27,456
Rental expenses in respect of rented premises under operating leases	7,688	8,636
Gross rental income from investment properties	(37,887)	(17,727)
Less: direct operating expenses from investment properties that generated rental income	3,658	2,130
	(34,229)	(15,597)

11. Income Tax Expense

	2011 RMB'000	2010 RMB'000
Current tax:		
PRC taxes		
EIT	520,569	360,752
LAT	403,675	440,801
	924,244	801,553
Deferred tax (note 27)		
Current year	18,768	34,800
Underprovision of deferred tax assets	(813)	(7,645)
	17,955	27,155
	942,199	828,708

11. Income Tax Expense (continued)

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the income of the Group neither arise in nor is derived from Hong Kong.

The Group's PRC enterprise income tax is calculated based on the applicable tax rate on assessable profits, if applicable.

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2011 RMB'000	2010 RMB'000
Profit before taxation	2,151,840	1,789,678
Tax at PRC enterprise income tax rate of 25% (2010: 25%) (note i)	537,960	447,420
Tax effect of share of results of associates	(43)	(102)
Tax effect of income not taxable for tax purposes	(1,131)	(898)
Tax effect of expenses not deductible for tax purposes (note ii)	58,271	33,525
Tax effect of tax losses not recognised	60,575	40,418
Utilisation of tax losses previously not recognised	(5,858)	(3,076)
Tax effect of different tax rates of subsidiaries	(9,518)	(11,535)
LAT	403,675	440,801
Tax effect of LAT	(100,919)	(110,200)
Underprovision of deferred tax assets	(813)	(7,645)
Income tax expense for the year	942,199	828,708

Notes:

(i) Majority of the assessable profits of the Group were derived from subsidiaries situated in Shenzhen and Chengdu of the PRC and the applicable enterprise income tax rate of those subsidiaries were 25%.

(ii) The amounts for the years ended 31 December 2011 and 2010 mainly relate to the tax effect of expenses incurred by offshore companies, including the interest on senior notes and professional fees.

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12. Directors' and Employees' Remuneration

The emoluments of the directors on a named basis are as follows:

	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000 (note)	Retirement benefit scheme contributions RMB'000	Share-based payment RMB'000	Total RMB'000
For the year ended 31 December 2011						
Executive director:						
Pan Jun (潘軍)	–	1,802	–	37	150	1,989
Zeng Jie (曾寶寶)	–	1,802	–	37	150	1,989
Feng Huiming (馮輝明)	–	1,003	656	37	151	1,847
Chan Sze Hon (陳思翰)	–	1,010	602	9	115	1,736
Independent non-executive director:						
He Min (何敏)	240	–	–	–	24	264
Huang Ming (黃明)	240	–	–	–	24	264
Liao Changjiang (廖長江)	240	–	–	–	24	264
Xu Quan (許權)	240	–	–	–	24	264
	960	5,617	1,258	120	662	8,617
For the year ended 31 December 2010						
Executive director:						
Pan Jun (潘軍)	–	1,776	1,398	22	–	3,196
Zeng Jie (曾寶寶)	–	1,776	458	21	–	2,255
Feng Huiming (馮輝明)	–	1,003	1,193	22	–	2,218
Chan Sze Hon (陳思翰)	–	1,045	420	10	–	1,475
Independent non-executive director:						
He Min (何敏)	240	–	–	–	–	240
Huang Ming (黃明)	240	–	–	–	–	240
Liao Changjiang (廖長江)	240	–	–	–	–	240
Xu Quan (許權)	240	–	–	–	–	240
	960	5,600	3,469	75	–	10,104

Note: The discretionary bonus is determined by the board of directors based on the Group's performance for each financial year.

12. Directors' and Employees' Remuneration (continued)

Employees' emoluments

The five individuals with the highest emoluments in the Group included 2 directors (2010: 3) for both years. Details of their emoluments are set out above. The emoluments of the remaining 3 (2010: 2) of the five highest paid individuals are as follows:

	2011 RMB'000	2010 RMB'000
Salaries and allowances	2,198	1,515
Discretionary bonus	4,003	3,339
Retirement benefit scheme contributions	109	50
Share-based payment	185	–
	6,495	4,904

Their emoluments were within the following band:

	2011 No. of employees	2010 No. of employees
HK$2,000,001 to HK$3,000,000	2	1
HK$3,000,001 to HK$3,500,000	1	1

During the years ended 31 December 2011 and 2010, no remuneration was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any remuneration for the years ended 31 December 2011 and 2010.

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13. Dividends

	2011 RMB'000	2010 RMB'000
Final dividend for 2010 of HK4.00 cents per share (2009: HK1.75 cents) (Note i)	165,888	75,100
Dividends paid to non-controlling shareholders (Note ii)	8,722	3,297

Notes:

(i) Subsequent to the end of the reporting period, a final dividend for 2011 of HK4.00 cents (2010: final dividend for 2010 of HK$4.00 cents) per share amounting to HK$208,289,000 in aggregate has been proposed by the directors for approval by the shareholders in the annual general meeting. The final dividends proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) The amount represents dividends paid by the PRC subsidiaries to their non-controlling shareholders.

14. Earnings Per Share

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2011 RMB'000	2010 RMB'000
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	1,153,624	807,281

	2011	2010
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,041,481,175	4,873,888,750

The weighted average number of ordinary shares during the year ended 31 December 2011 has been adjusted for the effect of the subscription shares as set out in note 37.

The computation of diluted earnings per share does not assume the exercise of the Company's options (note 42) because the exercise price of those options was higher than the average market price for shares from grant date on 29 August 2011 to the end of year 2011.

15. Property, Plant and Equipment

	Hotel buildings RMB'000	Buildings RMB'000	Renovations and leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2010	–	24,246	21,151	24,599	10,749	118,305	199,050
Transfer from completed properties for sale (Note i)	–	5,348	–	–	–	–	5,348
Transfer from properties under development for sale (Note ii)	–	–	–	–	–	137,277	137,277
Acquisition of assets and liabilities through acquisition of subsidiaries (note 38(a))	–	–	–	228	134	–	362
Acquisition of business (note 38(b))	–	872	–	3	–	–	875
Additions	–	–	4,213	9,954	8,529	55,798	78,494
Transfer	54,489	9,309	198	4,132	–	(68,128)	–
Disposals	–	–	–	(792)	(346)	–	(1,138)
At 31 December 2010 and 1 January 2011	54,489	39,775	25,562	38,124	19,066	243,252	420,268
Transfer from completed properties for sale (Note i)	44,906	–	–	–	–	–	44,906
Transfer from properties under development for sale (Note ii)	–	–	–	–	–	11,270	11,270
Acquisition of business (note 38(b))	–	–	–	18	–	–	18
Additions	–	4,312	657	23,474	4,561	124,805	157,809
Transfer	–	40,933	–	93	–	(41,026)	–
Transfer to investment properties (Note iii)	–	(27,939)	–	–	–	–	(27,939)
Disposals	–	(8,387)	(761)	(1,456)	(882)	–	(11,486)
Disposal of a subsidiary (note 39)	–	–	(5,115)	(3,480)	(802)	–	(9,397)
At 31 December 2011	99,395	48,694	20,343	56,773	21,943	338,301	585,449
DEPRECIATION							
At 1 January 2010	–	4,799	11,738	12,186	6,797	–	35,520
Provided for the year	895	1,370	2,310	4,345	2,138	–	11,058
Eliminated on disposals	–	–	–	(408)	(336)	–	(744)
At 31 December 2010 and 1 January 2011	895	6,169	14,048	16,123	8,599	–	45,834
Provided for the year	4,779	1,879	2,219	9,708	2,889	–	21,474
Eliminated on disposals	–	(859)	(760)	(911)	(847)	–	(3,377)
Eliminated on disposal of a subsidiary (note 39)	–	–	(4,907)	(2,472)	(318)	–	(7,697)
At 31 December 2011	5,674	7,189	10,600	22,448	10,323	–	56,234
CARRYING AMOUNTS							
At 31 December 2011	93,721	41,505	9,743	34,325	11,620	338,301	529,215
At 31 December 2010	53,594	33,606	11,514	22,001	10,467	243,252	374,434

15. Property, Plant and Equipment (Continued)

Notes:

(i) During the year ended 31 December 2011, buildings of RMB44,906,000 (2010: RMB5,348,000) were transferred from completed properties for sale as a result of the change in use of property as approved by the management of the Group.

(ii) During the year ended 31 December 2011, RMB11,270,000 (2010: RMB137,277,000) was transferred from properties under development for sale as a result of change in intended use to self-use properties as approved by the management of the Group.

(iii) During the year ended 31 December 2011, RMB27,939,000 was transferred from buildings to investment properties upon signing of relevant tenancy agreements. The excess of the fair value of these properties at the date of change in use over the carrying amounts, amounting to approximately RMB11,795,000 were recognised in the revaluation surplus.

The following useful lives are used in the calculation of depreciation:

Hotel buildings	Over the shorter of the term of lease or 20 years
Buildings	Over the shorter of the term of lease or 50 years
Renovations and leasehold improvements	5–10 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 to 10 years

At 31 December 2011, certain of the Group's buildings and construction in progress with carrying amounts of RMB1,121,000 (2010: RMB10,384,000) and nil (2010: RMB233,688,000) respectively, were pledged to banks to secure certain banking facilities granted to the Group.

The hotel buildings amounting to approximately RMB47,830,000 (2010: RMB53,594,000) and RMB45,891,000 (2010: Nil) are held under meduim-term and long-term leases in the PRC, respectively. All the buildings are held under medium-term lease in the PRC at the end of both reporting periods.

16. Investment Properties

	Completed RMB'000	Under development RMB'000	Total RMB'000
FAIR VALUE OR COST			
At 1 January 2010	496,996	84,372	581,368
Transfer from deposits paid for acquisition of a property project	86,523	265,533	352,056
Acquisition of assets and liabilities through acquisition of subsidiaries (note 38(a))	6,717	–	6,717
Additions	–	330,519	330,519
Transfer from completed properties for sale (note 28)	106,556	–	106,556
Transfers upon completion of construction work	160,507	(160,507)	–
Net change in fair value recognised in profit or loss	(12,769)	333,230	320,461
At 31 December 2010 and 1 January 2011	844,530	853,147	1,697,677
Transfer from property, plant and equipment (note 15)	39,734	–	39,734
Additions	–	278,636	278,636
Transfer from completed properties for sale (note 28)	246,117	–	246,117
Transfers upon completion of construction work	993,338	(993,338)	–
Disposal	(1,450)	–	(1,450)
Net change in fair value recognised in profit or loss	71,602	111,378	182,980
At 31 December 2011	2,193,871	249,823	2,443,694

16. Investment Properties (Continued)

At 31 December 2011, the fair values of the Group's completed investment properties of approximately RMB2,193,871,000 (2010: RMB844,530,000) and investment properties under development of approximately nil (2010: RMB682,815,000) at the end of the reporting period were arrived at on the basis of a valuation carried out by Jones Lang LaSalle Sallmanns Limited. Jones Lang LaSalle Sallmanns Limited is a firm of independent qualified professional valuers not connected with the Group, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuations of completed investment properties were arrived at by reference to net rental income allowing for reversionary income potential and market evidence of transaction prices for similar properties in the same locations and conditions, where appropriate. The valuations of investment properties under development has been arrived at using the capitalisation of net income derived from the properties located nearby, taking into account the construction costs that would be expended to complete the development, the developer's profit and percentage of completion of the properties.

At 31 December 2011, the Group has concluded the fair value of certain investment properties under development with carrying amounts of approximately RMB249,823,000 (2010: RMB170,332,000) are not reliably determinable on a continuing basis, therefore, these investment properties under development continued to be measured at cost until either its fair value becomes reliably determinable or construction is completed.

At 31 December 2011, investment properties with fair value of RMB484,365,000 (2010: RMB476,825,000) represents completed car parks which can be legally transferred, leased and mortgaged but the title certificates cannot be currently applied as there was no special provisions to obtain any title certificates, according to the relevant laws and regulations in Shenzhen, Suzhou and Tianjin areas.

At 31 December 2011, certain of the Group's investment properties with an aggregate fair value of approximately RMB1,015,147,000 (2010: RMB325,457,000) were pledged to banks to secure the banking facilities granted to the Group.

The investment properties amounting to approximately RMB920,737,000 (2010: RMB439,661,000) and RMB1,509,970,000 (2010: RMB1,258,016,000) are held under medium-term and long-term leases in the PRC, respectively.

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

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17. Interests in Associates

	2011 RMB'000	2010 RMB'000
Cost of investment, unlisted	500	7,250
Share of post-acquisition results and other comprehensive income, net of dividends received	577	(6,344)
Deemed capital contributions	–	16,889
	1,077	17,795

Included in interests in associates as at 31 December 2010 were fair value adjustments of RMB16,889,000 on interest-free non-current advance to an associate. The details are set out in note 18.

During the year ended 31 December 2010, a discount on acquisition of RMB385,000, arising on the acquisition of Yuezhong Property Management Company Limited (越眾物業管理有限公司) had been included as income in the determination of the Group's share of results of associates.

As at 31 December 2011 and 2010, the Group had interests in the following associates:

Name of associate	Registered capital	Equity interest attributable to the Group as at 31 December 2011	2010	Principal activities
越眾物業管理有限公司 Yuezhong Property Management Company Limited	RMB1,000,000	50%	50%	Property management
東莞市左庭右院實業投資有限公司 Dongguan Zuoting Youyuan	RMB18,000,000	– (Note)	37.5%	Property development

Note: The associate was disposed of during the year ended 31 December 2011.

The summarised financial information in respect of the Group's associates is set out below:

	2011 RMB'000	2010 RMB'000
Total assets	5,796	299,311
Total liabilities	3,641	303,389
Net assets (liabilities)	2,155	(4,078)
Group's share of net assets of associates	1,077	906

17. Interests in Associates (continued)

	2011 RMB'000	2010 RMB'000
Revenue	9,622	2,443
Total comprehensive income (expense) for the year	347	(1,729)
Group's share of results of associates (note)	171	(258)

Note: During the year ended 31 December 2011, the unrecognised share of loss of associates was approximately RMB234,000 (2010: RMB279,000). In the opinion of directors, there are no significant unrecognised share of capital commitment and contingent liabilities at the end of the reporting period.

18. Advance to an Associate

	2011 RMB'000	2010 RMB'000
Dongguan Zuoting Youyuan	–	72,041

At 31 December 2010, the amount represented the advance to an associate which were non-trade nature and will not be recoverable within one year from the end of the reporting period and therefore considered as a non-current asset. The amount was unsecured, interest-free and measured at amortised cost using the effective interest method at the borrowing rate of 5.48% per annum.

The balance was disposed together with the equity interests held by Group at a cash consideration of RMB96,000,000 during 31 December 2011.

19. Prepaid Lease Payments

The Group's prepaid lease payments comprise:

	2011 RMB'000	2010 RMB'000
Leasehold land in the PRC		
Medium-term lease	68,312	64,700
Long-term lease	101,408	288,226
	169,720	352,926
Analysed for reporting purposes as:		
Current asset	6,413	6,881
Non-current asset	163,307	346,045
	169,720	352,926

19. Prepaid Lease Payments (continued)

During the year ended 31 December 2011, the Group acquired prepaid lease payments of approximately RMB19,547,000 (2010: RMB1,008,907,000) through the acquisition of subsidiaries as disclosed in note 38(a).

During the year ended 31 December 2011, the Group acquired prepaid lease payments of approximately RMB911,507,000 (2010: RMB700,696,000) through public auction, among which approximately RMB763,095,000 was paid during the year 31 December 2010 as deposits paid for acquisition of land use rights (note 22).

During the year ended 31 December 2011, prepaid lease payments of approximately RMB7,110,000 (2010: RMB2,957,000) were transferred from properties under development for sale as a result of change in intended use of the land to self-use properties. Amortisation charge of RMB1,620,000 (2010: RMB1,613,000) provided for the leasehold land is capitalised into construction in progress. The capitalisation of amortisation charge will cease when the assets are ready for their intended use.

During the year ended 31 December 2011, prepaid lease payments of RMB1,114,926,000 (2010: RMB1,519,143,000) was transferred to properties under development for sale upon commencement of the related construction work in certain property development projects.

At 31 December 2010, the Group was in the process of obtaining the land use right certificate for a prepaid lease payment with an aggregate carrying amount of approximately RMB120,675,000. The aforesaid land use right certificates have been obtained during the year ended 31 December 2011. As at 31 December 2011, all land use right certificates have been obtained.

At 31 December 2011, certain of the Group's prepaid lease payments with a carrying amount of approximately RMB62,310,000 (2010: RMB148,237,000) were pledged to banks to secure the banking facilities granted to the Group.

20. Premium on Prepaid Lease Payments

Premium on prepaid lease payments of the Group represent the excess of the fair value over the carrying amount of the prepaid lease payments in respect of leasehold lands in the PRC under medium-term and long-term lease acquired through purchase of subsidiaries during the year and are amortised over the period of the remaining lease term on a straight-line basis.

	RMB'000
COST	
At 1 January 2010	47,579
Acquisition of assets and liabilities through acquisition of subsidiaries (note 38(a))	814,509
Transfer to properties under development for sale (Note)	(494,570)
At 31 December 2010 and 1 January 2011	367,518
Acquisition of assets and liabilities through acquisition of subsidiaries (note 38(a))	187,956
Transfer to properties under development for sale (Note)	(95,000)
At 31 December 2011	460,474
AMORTISATION	
At 1 January 2010	357
Amortised for the year	3,997
Eliminated on transfer to properties under development for sale (Note)	(2,140)
At 31 December 2010 and 1 January 2011	2,214
Amortised for the year	6,864
Eliminated on transfer to properties under development for sale (Note)	(36)
At 31 December 2011	9,042
CARRYING AMOUNTS	
At 31 December 2011	451,432
At 31 December 2010	365,304

	2011 RMB'000	2010 RMB'000
Analysed for reporting purposes as:		
Current asset	11,157	6,101
Non-current asset	440,275	359,203
	451,432	365,304

Note: During the year ended 31 December 2011, premium on prepaid lease payments with carrying amount of approximately RMB94,964,000 (2010: RMB492,430,000) was transferred to properties under development for sales upon commencement of the related construction work in certain property development projects.

21. Land Development Expenditure

	2011 RMB'000	2010 RMB'000
Cost incurred	1,335,848	393,849

(i) In September 2009, the Group entered into agreement ("Agreement 1") with the People's Government of Pixian County ("Pixian Government") relating to the joint development of the Wangcong Ancient Sichuan Culture Park located in Pixian County, Chengdu, Sichuan Province ("Land Development Project 1"). Under the Agreement 1, the Group is responsible for preparing overall plans and detailed designs of the culture park including the improvement for parcels of land and its ancillary facilities pursuant to the guidelines set by the Pixian Government as well as the construction of road nearby while the Pixian Government is required to complete the demolition and resettlement work on these parcels of land. The land development expenditure represents the cost incurred in respect of the road construction, demolition and resettlement work. The additions during the year ended 31 December 2011 amounted to approximately RMB411,999,000 and the balance at 31 December 2011 is RMB805,848,000.

Pixian Government is required to arrange public auction for these parcels of land after 30 days that the Group completed the road construction, demolition and resettlement work and the Pixian Government is required to pay certain percentage of sale proceeds received in public auction to the Group by reference to the formula set out in the Agreement 1.

The Land Development Project 1 is not expected to be completed within the normal operating cycle of the Group and accordingly is classified as non-current assets.

(ii) In March 2011, the Group entered into agreement ("Agreement 2") with the People's Government of Chengdu ("Chengdu Government") relating to the joint development of the Wu Gui Qiao Town located in Jinjiang area, Chengdu, Sichuan Province ("Land Development Project 2"). Under the Agreement 2, the Group is required to jointly construct the ancillary facilities on these parcels of land pursuant to the guidelines set by the Chengdu Government while the Chengdu Government is required to complete the demolition and resettlement work on these parcels of land. The land development expenditure represents the cost incurred for constructing the ancillary facilities. The additions during the year ended 31 December 2011 amounted to approximately RMB530,000,000 and balance at 31 December 2011 is amounting to approximately RMB530,000,000.

Chengdu Government is required to arrange public auction for these parcels of land on or before 30 June 2013 after the Group has completed the construction of ancillary facilities and the Chengdu Government is required to pay certain percentage of sale proceeds received in public auction to the Group by reference to the formula set out in the Agreement 2.

The Land Development Project 2 is not expected to be completed within the normal operating cycle of the Group and accordingly is classified as non-current assets.

22. Deposits Paid for Acquisition of Land Use Rights

As at 31 December 2010, the Group had made deposits of approximately RMB763,095,000 in relation to acquisition of land use rights from independent third parties (2011: Nil). The aforesaid deposits relate to land use rights acquired for development of properties for sale in the ordinary course of business and are therefore classified as current assets. The acquisition has been completed during the year ended 31 December 2011.

23. Deposits Paid for Acquisition of Subsidaries

During the year ended 31 December 2011, the Group has made deposits of approximately RMB8,084,000 in relation to the acquisition of Nanjing Dianya Property Management Company Limited (南京典雅物業管理有限公司), Tielin Zhennan Property Management Company Limited (鐵嶺正南物業管理有限公司), Qinghuangdao Hongtianyuan Property Company Limited (秦皇島市宏添源物業公司), Shanghai Tongyi Property Management Company Limited (上海通翼物業有限公司) and Liaoning Jixiang Baite Company Limited (遼寧吉祥百特有限公司) from independent third parties. The aforesaid companies are principally engaged in the PRC property management. At the date these consolidated financial statements were authorised for issue, the acquisitions have not been completed.

24. Deposits Paid for Acquisition of a Property Project

During the year ended 31 December 2010, the Group had made deposit of approximately RMB37,000,000 in relation to the acquisition of a property project from an independent property developer. During the year ended 31 December 2011, the Group has made additional deposits of approximately RMB67,900,000 for acquiring the aforesaid property project.

The aforesaid deposit relates to acquisition of a building for hotel operations and is therefore classified as non-current assets.

At the date these consolidated financial statements were authorised for issue, the acquisition of a property project has not been completed.

25. Goodwill

	RMB'000
COST	
At 1 January 2010	24,820
Arising on acquisition of business (note 38(b))	5,375
At 31 December 2010 and 1 January 2011	30,195
Arising on acquisition of business (note 38(b))	1,321
At 31 December 2011	31,516
IMPAIRMENT	
At 1 January 2010	24,820
Impairment loss recognised for the year	5,375
At 31 December 2010 and 1 January 2011	30,195
Impairment loss recognised for the year	1,321
At 31 December 2011	31,516
CARRYING AMOUNTS	
At 31 December 2011	–
At 31 December 2010	–

During the year ended 31 December 2011, the Group acquired 100% equity interests in Tianjing Xintang Property Management Company Limited ("Tianjing Xingtang"), 51% equity interests in Shenzhen Robert Housekeeper Property Management Company Limited ("Shenzhen Robert") and 100% equity interests in Huizhou Youling Property Management Company Limited ("Huizhou Youling") from the independent third parties at a total cash consideration of approximately RMB1,178,000 (note 38(b)). Tianjing Xintang, Shenzhen Robert and Huizhou Youling are principally engaged in provision of property operation services and was acquired with the objective of expansion of property operation services.

On 31 March 2010, the Group acquired 75% equity interests in Shenzhen Hui Gang Property Management Company Limited ("Shenzhen Hui Gang") from an independent third party at a consideration of approximately RMB5,500,000 (note 38(b)). Shenzhen Hui Gang is principally engaged in provision of property operation services and was acquired with the objective of expansion of property operation services.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination.

26. Impairment Testing on Goodwill

In the opinion of the directors, the performance of Tianjing Xintang, Shenzhen Robert and Huizhou Youling in the future years assessed at the end of the reporting period is not as good as expected at the time of the acquisition due to the vigorous competition among other competitors and therefore impairment loss of RMB1,321,000 (2010: RMB5,375,000) is recognised during the year.

For the purposes of impairment testing, goodwill set out in note 25 has been allocated to one individual CGU, which is engaged in provision of property operation services. The carrying amount of goodwill (net of accumulated impairment losses) as at 31 December 2011 allocated to this CGU is nil (2010: nil).

27. Deferred Taxation

The following are the major deferred tax liabilities (assets) recognised and movements during the current and prior year are as follow:

	Fair value adjustment of investment properties RMB'000	Revaluation of properties RMB'000	Temporary difference on accruals RMB'000	Tax losses RMB'000	Others (note) RMB'000	Total RMB'000
At 1 January 2010	77,909	–	(6,934)	(47,749)	(79,764)	(56,538)
Charge (credit) to profit or loss	96,947	–	4,849	21,246	(88,242)	34,800
Underprovision of deferred tax assets	–	–	(166)	–	(7,479)	(7,645)
At 31 December 2010 and 1 January 2011	174,856	–	(2,251)	(26,503)	(175,485)	(29,383)
Charge to other comprehensive income	–	2,949	–	–	–	2,949
Charge (credit) to profit or loss	93,225	–	(8,519)	(40,191)	(25,747)	18,768
Underprovision of deferred tax assets	–	–	–	–	(813)	(813)
At 31 December 2011	268,081	2,949	(10,770)	(66,694)	(202,045)	(8,479)

Note: Others mainly represents the deductible temporary difference arising from LAT provision.

For the purpose of presentation in the consolidated statement of financial position, certain deferred taxation assets and liabilities has been offset. The following is the analysis of the deferred taxation balances for financial reporting purposes:

	2011 RMB'000	2010 RMB'000
Deferred tax assets	(220,826)	(157,504)
Deferred tax liabilities	212,347	128,121
	(8,479)	(29,383)

27. Deferred Taxation (continued)

At 31 December 2011, the Group had unutilised tax losses of approximately RMB729,686,000 (2010: RMB355,677,000). A deferred tax asset has been recognised in respect of approximately RMB266,776,000 (2010: RMB106,032,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB462,910,000 (2010: RMB249,645,000) due to the unpredictability of future profits streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2011 RMB'000	2010 RMB'000
2011	–	1,922
2012	31,839	33,965
2013	18,102	21,780
2014	15,384	15,384
2015	116,575	139,014
2016	237,025	–
No expiry	43,985	37,580
	462,910	249,645

At 31 December 2011, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries, for which deferred tax liabilities have not been recognised, was approximately RMB3,266,386,000 (2010: RMB1,783,074,000). No liability has been recognised in respect of these temporary differences because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future.

28. Properties for Sale

	2011 RMB'000	2010 RMB'000
Completed properties for sale	1,732,813	1,151,391
Properties under development for sale	8,489,507	6,493,191
	10,222,320	7,644,582

At 31 December 2011, certain of the Group's properties for sale with a carrying amount of RMB1,434,836,000 (2010: RMB2,048,054,000) were pledged to secure certain banking facilities granted to the Group.

At 31 December 2010, the Group was in the process of obtaining the land use right certificates for certain properties with an aggregate carrying amount of approximately RMB7,830,000 (2011: Nil).

During the year ended 31 December 2010, the Group had completed the acquisition of a property project from an independent property developer amounting to approximately RMB352,056,000 (2011: Nil).

During the year ended 31 December 2011, RMB56,176,000 (2010: RMB142,625,000) and RMB7,110,000 (2010: RMB2,957,000) were transferred to construction in progress under property, plant and equipment and prepaid lease payments, respectively, as a result of change in intended use to operate hotel business and for self used buildings as approved by the management of the Group.

28. Properties for Sale (continued)

During the year ended 31 December 2011, completed properties for sale with an aggregate amount of approximately RMB54,975,000 (2010: RMB39,230,000) were transferred to investment properties upon signing of relevant tenancy agreements. The excess of the fair value of these properties at the date of transfer over their carrying amounts, amounting to approximately RMB191,142,000 (2010: RMB67,326,000) were recognised in the consolidated statement of comprehensive income.

Included in the amount are properties under development for sale of approximately RMB2,451,117,000 (2010: RMB1,328,233,000) in relation to property development projects that are expected to complete after one year from the end of the reporting periods.

29. Trade and Other Receivables

Trade receivables are mainly arisen from sales of properties, rental income derived from investment properties, agency fee income in respect of property rentals, service and management income in respect of property management.

Considerations in respect of properties sold are received in accordance with the terms of the related sales and purchase agreements, normally within 30–90 days from date of delivery of the properties to the customers under the sales and purchase agreements.

Rental income from investment properties is received in accordance with the terms of the relevant lease agreements, normally within 30 days from the issuance of invoices.

Management and service fee income is received in accordance with the terms of the relevant property service agreements, normally within 30–90 days from the issuance of invoices.

Hotel operation income is in the form of cash sales.

	2011 RMB'000	2010 RMB'000
Trade receivables	410,171	116,301
Other receivables	93,568	90,403
Prepayments and other deposits	57,032	44,733
Prepayments for suppliers	280,925	336,598
Prepayments for construction work	293,111	339,971
Other tax prepayment (Note)	81,570	49,173
	1,216,377	977,179

Notes: During the year ended 31 December 2011, the Group is required to prepay business tax amounting to approximately RMB142,902,000 (2010: RMB159,252,000) in accordance with the relevant PRC tax rules in respect of its pre-sale of property development projects. As at 31 December 2011, amount of approximately RMB81,029,000 (2010: RMB48,938,000) has been prepaid and included in other tax prepayment.

Included in prepayments for construction work are amounts of approximately RMB23,486,000 (2010: RMB28,287,000) in relation to property development projects that are expected to be completed after one year from the end of the reporting periods.

29. Trade and Other Receivables (continued)

The following is an aged analysis of trade receivables of the Group net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2011 RMB'000	2010 RMB'000
0 to 30 days	214,728	87,063
31 to 90 days	150,069	10,229
91 to 180 days	25,401	5,544
181 to 365 days	16,072	10,576
Over 1 year	3,901	2,889
	410,171	116,301

For property investment and property operating services, before accepting any new customer, the Group would assess the potential customer's credit quality and defined credit rating limits of each customers. Limits attributed to customers are reviewed once a year.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date and no impairment is necessary for those balances which are not past due.

At 31 December 2011, included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately RMB45,374,000 (2010: RMB19,009,000) which are past due for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2011 RMB'000	2010 RMB'000
91 to 180 days	25,401	5,544
181 to 365 days	16,072	10,576
Over 1 year	3,901	2,889
	45,374	19,009

29. Trade and Other Receivables (continued)

Movement in the allowance for doubtful debts in respect of trade and other receivables

	2011 RMB'000	2010 RMB'000
Balance at the beginning of the year	2,937	1,520
Impairment losses reversed	(2,812)	(103)
Impairment losses written off	–	(1,520)
Impairment losses recognised	2,547	3,040
Balance at the end of the year	2,672	2,937

As at 31 December 2011, included in the allowance for doubtful debts are individually impaired trade and other receivables with an aggregate balance of RMB2,672,000 (2010: RMB2,937,000) of which the debtors have been in dispute with the Group.

30. Amounts Due from Related Parties

	2011 RMB'000	2010 RMB'000
深圳市天闊投資發展有限公司 Shenzhen Tiankuo Investment Development Company Limited ("Shenzhen Tiankuo") (note i)	3,262	–
惠州市國勝土石方工程有限公司 Huizhou Guosheng Tushifang Industry Company Limited ("Huizhou Guosheng") (note ii)	–	7,500
	3,262	7,500

Notes:

(i) The balance represents the advance to Shenzhen Tiankuo, a related company controlled by Ms. Zeng Jie, Baby, the controlling shareholder and director of the Company. The amount is unsecured, non-interest bearing and is non-trade nature.

(ii) The balance represented the prepayment for construction work in a property development for sale project and accordingly classified as trade nature. The balance was fully settled during the year ended 31 December 2011.

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31. Amounts Due from Customers For Contract Works

	2011 RMB'000	2010 RMB'000
Contract costs incurred plus recognised profits less recognised losses	112,415	55,034
Less: Progress billings	(96,056)	(39,095)
	16,359	15,939

No retentions held by customers for contract works for installation contracts was included in amounts due from customers for contract works.

No advance from customers prior to commencement of contract works had been received during the years ended 31 December 2011 and 2010.

32. Restricted Bank Deposits/Bank Balances and Cash

Restricted bank deposits

The deposits carry interest rates ranging from 0.36% to 0.5% (2010: 0.36% to 0.72%) per annum. The restricted bank deposits amounting to approximately RMB62,198,000 (2010: RMB85,161,000) will be released upon the buyers obtaining the individual property ownership certificate, while a total amount RMB252,936,000 (2010: nil) are proceeds from presale of properties with the restriction on settlement of construction costs for relevant property projects.

Bank balances and cash

The bank balances carry variable interest rates ranging from 0.36% to 3.10% (2010: 0.36% to 2.25%) per annum.

At 31 December 2011, bank balances of the Group denominated in USD, HKD and TWD foreign currencies of the relevant group entities, are approximately RMB5,195,000 (2010: RMB17,376,000), RMB288,798,000 (2010: RMB520,692,000) and RMB3,496,000 (2010: Nil), respectively.

33. Trade and Other Payables

	2011 RMB'000	2010 RMB'000
Trade payables	1,696,289	1,319,641
Other payables	254,332	220,721
Other tax payables	104,674	36,520
Payroll payable	50,403	20,192
Welfare payable	695	2,895
Retention payable	29,330	16,442
Consideration payable (note 38)	128,267	63,900
Accruals	4,839	6,407
	2,268,829	1,686,718

Trade payables principally comprise amounts outstanding for purchase of materials for the construction of properties for sale and ongoing expenditures. The average credit period for purchase of construction materials ranged from 6 months to 1 year.

33. Trade and Other Payables (continued)

The following is an aged analysis of the Group's trade payables and retention payable presented based on the invoice date at the end of the reporting period:

	2011 RMB'000	2010 RMB'000
0 to 60 days	1,325,615	881,583
61 to 180 days	261,680	346,243
181 to 365 days	23,344	67,903
1–2 years	94,931	37,944
2–3 years	16,238	1,272
Over 3 years	3,811	1,138
	1,725,619	1,336,083

At 31 December 2011, the balances of approximately RMB29,330,000 (2010: RMB16,442,000) with age over 1 year represent the retention money of approximately 5% to 10% of the construction contract price.

34. Amounts Due to Related Parties

	2011 RMB'000	2010 RMB'000
深圳立方建築設計顧問有限公司 Shenzhen Cube Architecture Designing Consultants Company Limited ("Cube Architecture") (Note i)	2,547	–
天津松江集團有限公司 Tianjin Songjiang Group Company Limited ("Songjiang Group") (Note ii)	–	100,549
	2,547	100,549

Notes:

(i) Cube Architecture is the associate of Shenzhen Tiankuo (defined in note 30), a related company controlled by Ms. Zeng Jie, Baby, the controlling shareholder and director of the Company. The amount is unsecured, non-interest bearing and represents the payable's to Shenzhen Tiankuo for the design fee for several property projects of the Group, and accordingly classified as trade nature. The average aging of the balance is within 90 days.

(ii) Songjiang Group held 40% equity interests in a subsidiary of the Company. The amount was non-trade nature with interest bearing at 7.02% per annum and was fully repaid during the year ended 31 December 2011.

35. Borrowings

	2011 RMB'000	2010 RMB'000
Bank loans	4,273,002	4,306,986
Other loans	468,000	468,000
	4,741,002	4,774,986
Secured	4,711,002	4,206,986
Unsecured	30,000	568,000
	4,741,002	4,774,986
Carrying amount repayable:*		
Within one year	1,896,308	1,933,270
More than one year, but not exceeding two years	1,216,000	1,860,000
More than two years, but not exceeding five years	936,824	875,861
More than five years	691,870	105,855
	4,741,002	4,774,986
Less: Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	(203,761)	(199,111)
Less: Amounts due within one year shown under current liabilities	(1,896,308)	(1,933,270)
	2,640,933	2,642,605

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

At 31 December 2011, all borrowings are denominated in RMB except that secured borrowings amounting to approximately RMB844,321,000 (2010: RMB662,270,000) and RMB163,762,000 (2010: RMB199,111,000) are denominated in USD and HKD respectively, foreign currency of relevant group entities.

The analysis of the Group's fixed-rate borrowings based on their contractual maturity dates are as follows:

	2011 RMB'000	2010 RMB'000
Fixed-rate borrowings:		
Within one year	–	100,000
More than one year, but not exceeding two years	–	220,000
	–	320,000

35. Borrowings (continued)

In addition, the Group has variable-rate borrowings which carry interest linked to LIBOR, HIBOR and Benchmark Rate. Interest is repriced every six months. The analysis of the Group's variable rate borrowings based on their contractual maturity dates are as follows:

	2011 RMB'000	2010 RMB'000
Variable-rate borrowings:		
Within one year	1,896,308	1,833,270
More than one year, but not exceeding two years	1,216,000	1,640,000
More than two years, but not exceeding five years	936,824	875,861
More than five years	691,870	105,855
	4,741,002	4,454,986

The ranges of effective interest rates (which are the contracted interest rates) on the Group's borrowings are as follows:

	2011	2010
Effective interest rate:		
Fixed-rate borrowings	N/A	5.37% per annum
Variable-rate borrowings		
LIBOR	+2% per annum	+2% per annum
HIBOR	+2% per annum	+2% per annum
Benchmark Rate	–1.52% to +5.85% per annum	–1.03% to +7.10% per annum

36. Senior Notes

On 12 May 2010, the Company issued senior notes in an aggregate principal amount of US$120,000,000 (the "Notes"). The issue price is 98.264% of the principal amount of the Notes. The Notes are listed on the Singapore Exchange Securities Trading Limited. The Notes carry interest of 14% per annum and interest is payable semi-annually on 12 May and 12 November in arrears. The Notes will mature on 12 May 2015, unless redeemed earlier.

At any time, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus applicable premium as defined in the offering memorandum of the Company dated 5 May 2010 ("Applicable Premium") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable premium is the greater of (1) 1% of the principal amount of such Notes and (2) the excess of the amount equivalent to the principal amount and related interest up to 12 May 2015 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time prior to 12 May 2013, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 114% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The Notes contain a liability component and the above early redemption options:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

 The interest charged for the year is calculated by applying an effective interest rate of approximately 14.89% per annum to the liability component since the Notes were issued.

(ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition and at 31 December 2011.

The movements of the liability component in the Notes during the years are set out below:

	RMB'000	RMB'000
Carrying amount as at 1 January	787,330	794,076
Exchange gains	(38,384)	(23,777)
Interest expenses	113,413	74,589
Less: Interest paid to Notes holders	(109,992)	(57,558)
Carrying amount as at 31 December	752,367	787,330

The fair value of the Notes at 31 December 2011 amounted to approximately RMB593,482,000. (2010: RMB812,539,000) The fair value is calculated using the market price of the Notes at the end of reporting period (or the nearest day of trading).

37. Share Capital

	Number of shares	Amount HK$	Equivalent to RMB'000
Ordinary shares of HK$0.1 each			
Authorised:			
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	8,000,000,000	800,000,000	704,008
Issued and fully paid:			
At 1 January 2010, 31 December 2010, 1 January 2011	4,873,888,750	487,388,875	429,389
Subcription of new shares (Note)	333,333,000	33,333,300	27,704
At 31 December 2011	5,207,221,750	520,722,175	457,093

Note: On 24 June 2011, the Company and the former non-controlling shareholder of a subsidiary ("Subscriber") entered into a subscription agreement, which the Subscriber has agreed to subscribe for the subscription shares ("Subscription Shares") at a total subscription amount of RMB332,440,000. The issue price of the Subscription Shares is HK$1.2 per share which is determined with reference to the share price quoted on The Stock Exchange of Hong Kong Limited on 24 June 2011.

The Subscription Shares represent approximately 6.84% of the then existing issued share capital of the Company as at 24 June 2011and approximately 6.4% of the enlarged issued share capital of the Company immediately after issue of the Subscription Shares. The Company intends to use the proceeds to finance continuing capital expenditure requirements and as general working capital for the Group's operating activities.

On 30 June 2011, total 333,333,000 Subscription Shares have been allotted and issued by the Company.

These new issued shares rank pari passu with existing shares.

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For the year ended 31 December 2011

38. Acquisition of Subsidiaries

(a) Acquisition of assets and liabilities through acquisition of subsidiaries

For the year ended 31 December 2011

On 19 August 2011, the Group acquired the assets and liabilities of a property project through the acquisition of 100% equity interests in TCL King Electronics (Shenzhen) Company Limited (TCL王牌電子(深圳)有限公司) from independent third parties at a cash consideration of approximately RMB309,345,000.

The above transaction was accounted for as purchase of assets and liabilities. Details of the net assets acquired in respect of the above transactions is summarised below:

	RMB'000
Net assets acquired	
Prepaid lease payments	19,547
Premium on prepaid lease payments	187,956
Other receivables	30,231
Amount due from Fantasia group company	70,000
Bank balances and cash	1,777
Other payables	(166)
	309,345
Total consideration satisfied by:	
Cash	182,000
Consideration payable due for settlement within one year	127,345
	309,345
Net cash (outflow) inflow arising on acquisition	
Cash consideration paid during the year	(182,000)
Bank balances and cash acquired	1,777
	(180,223)

For the year ended 31 December 2010

On 20 April 2010, the Group acquired the assets and liabilities of a property project through the acquisition of 100% equity interests in Suzhou Huawanli Real Estate Company Limited (蘇州花萬里房地產開發有限公司) from independent third parties at a consideration of approximately RMB219,215,000.

On 20 April 2010, the Group acquired the assets and liabilities of a property project through the acquisition of 100% equity interests in Suzhou LKN Real Estate Company Limited (蘇州林甲岩房產發展有限公司) from independent third parties at a consideration of approximately RMB226,383,000.

On 30 June 2010, the Group acquired the assets and liabilities of a property project through the acquisition of 100% equity interests in Dongguan Huaqianli Property Development Company Limited (東莞花千里房地產開發有限公司) from independent third parties at a consideration of approximately RMB10,000,000.

On 30 June 2010, the Group acquired the assets and liabilities of a property project through the acquisition of 100% equity interests in Shenzhen Gaohua Investment Limited (深圳高華投資有限公司) and its subsidiaries from independent third parties at a consideration of approximately RMB200,000,000.

On 7 September 2010, the Group acquired the assets and liabilities of a property project through the acquisition of 100% equity interests in Chengdu Nuoyazhou Development Company Limited (成都市諾亞舟實業有限公司) from independent third parties at a consideration of approximately RMB100,000,000.

38. Acquisition of Subsidiaries (continued)

(a) **Acquisition of assets and liabilities through acquisition of subsidiaries** (continued)

For the year ended 31 December 2010 (continued)

On 17 December 2010, the Group acquired the assets and liabilities of a property project through the acquisition of 100% equity interest in Jiangsu Dongfa Real Estate Company Limited (江蘇東發置業有限公司) from independent third parties at a consideration of approximately RMB20,000,000.

On 24 December 2010, the Group acquired the assets and liabilities of a property project through the acquisition of 100% equity interests in Guilin Wanhao Property Development Limited (桂林萬豪房地產開發有限公司) from independent third parties at a consideration of approximately RMB153,144,000.

On 24 December 2010, the Group acquired the assets and liabilities of a property project through the acquisition of 100% equity interests in Guilin Juhao Property Development Limited (桂林聚豪房地產開發有限公司) from independent third parties at a consideration of approximately RMB176,197,000.

In addition to the considerations set out above, the Group made an aggregate payment of RMB827,250,000 owed by the acquirees to the respective vendors as at the date of the acquisition. The aforesaid amounts formed part of the consideration paid for the above acquisitions.

The above transaction was accounted for as purchase of assets and liabilities. Details of the net assets acquired in respect of the above transaction were summarised below:

	RMB'000
Net assets acquired	
Property, plant and equipment	362
Investment properties	6,717
Prepaid lease payments	1,008,907
Premium on prepaid lease payments	814,509
Completed properties for sale	15,460
Properties under development for sale	45,793
Other receivables	18,292
Tax recoverable	1,487
Bank balances and cash	33,963
Other payables	(13,301)
	1,932,189
Total consideration satisfied by:	
Cash	1,445,289
Deposits paid for acquisition of subsidaries	423,000
Consideration payable settled in 2011	63,900
	1,932,189
Net cash (outflow) inflow arising on acquisition	
Cash consideration paid during the year	(1,445,289)
Bank balances and cash acquired	33,963
	(1,411,326)

38. Acquisition of Subsidiaries (continued)

(b) Acquisition of business

For the year ended 31 December 2011

On 19 April 2011, the Group acquired 100% equity interests in Tianjin Xingtang Property Management Company Limited 天津新塘物業管理有限公司 ("Tianjin Xintang") from an independent third party at a consideration of approximately RMB78,000. Tianjin Xingtang is principally engaged in provision of property operation services and was acquired with the objective of expansion of property operation services.

On 1 July 2011, the Group acquired 100% equity interests in Huizhou Youling Property Management Company Limited 惠州友鄰物業管理有限公司 ("Huizhou Youling") from an independent third party at a consideration of approximately RMB500,000. Huizhou Youling is principally engaged in provision of property operation services and was acquired with the objective of expansion of property operation services.

On 12 July 2011, the Group acquired 51% equity interests in Shenzhen Robert Housekeeper Property Management Company Limited 羅伯特管理物業管理有限公司 ("Shenzhen Robert") from an independent third party at a consideration of approximately RMB600,000. Shenzhen Robert is principally engaged in provision of property operation services and was acquired with the objective of expansion of property operation services.

Consideration transferred

	RMB'000
Cash	256
Other payables	922
Total	1,178

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and have been recognised as an expense in the period within the "administrative expenses" line item in the condensed consolidated statement of comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	18
Other receivables	1,157
Bank balances and cash	1,078
Trade and other payables	(2,629)
Tax payable	(27)
	(403)

The other receivables acquired with a fair value of approximately RMB1,157,000 had gross contractual amounts of approximately RMB1,157,000.

38. Acquisition of Subsidiaries (continued)

(b) Acquisition of business (continued)

For the year ended 31 December 2011 (continued)

Goodwill arising on acquisition

	RMB'000
Consideration transferred	1,178
Plus: non-controlling interests	(260)
Less: fair value of net liabilities acquired	403
Goodwill arising on acquisition	1,321

The non-controlling interests amounting to approximately RMB260,000, was measured by reference to the proportionate share of the 49% of Shenzhen Robert's net identifiable liabilities at the acquisition date.

Goodwill arose on the acquisition of Tianjing Xingtang, Huizhou Youling and Shenzhen Robert because the acquisition included the control premium and the future profitability as at acquisition date. These benefits could not be separately recognised from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash inflow arising on acquisition

	RMB'000
Cash consideration paid	(256)
Bank balances and cash acquired	1,078
	822

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2011 is approximately RMB117,000 attributable to the additional businesses generated by Tianjing Xingtang, Huizhou Youling and Shenzhen Robert in total. Revenue for the year includes approximately RMB4,396,000 generated from Tianjing Xingtang, Huizhou Youling and Shenzhen Robert in total.

Had the above acquisition been completed on 1 January 2011, the revenue of the Group for the year ended 31 December 2011 would have been approximately RMB5,594,993,000, and the profit for the year would have been approximately RMB1,209,661,000.

The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at 1 January 2011, nor is intended to be a projection of future results.

38. Acquisition of Subsidiaries (continued)

(b) Acquisition of business (continued)

For the year ended 31 December 2010

On 31 March 2010, the Group acquired 75% equity interests in Shenzhen Hui Gang from an independent third party at a consideration of approximately RMB5,500,000.

Shenzhen Hui Gang principally engaged in provision of property operation services and was acquired with the objective of expansion of property operation services.

Consideration transferred

	RMB'000
Cash	5,500

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and have been recognised as an expense in the period within the "administrative expenses" line item in the consolidated statement of comprehensive income.

Assets and liabilities recognised at the date of acquisition

	RMB'000
Net assets acquired	
Property, plant and equipment	875
Other receivables	227
Bank balances and cash	4,092
Trade and other payables	(4,948)
Tax payable	(79)
	167

The other receivables acquired with a fair value of approximately RMB227,000 had gross contractual amounts of approximately RMB227,000.

38. Acquisition of Subsidiaries (continued)

(b) Acquisition of business (continued)

For the year ended 31 December 2010 (continued)

Non-controlling interests

The non-controlling interests in Shenzhen Hui Gang amounting to approximately RMB42,000, was measured by reference to the proportionate share of the acquiree's net identifiable assets at the acquisition date.

Goodwill arising on acquisition

	RMB'000
Consideration transferred	5,500
Plus: non-controlling interests	42
Less: fair value of net identifiable assets acquired	(167)
Goodwill arising on acquisition	5,375

Goodwill arose on the acquisition of Shenzhen Hui Gang because the acquisition included the future profitability of Shenzhen Hui Gang as at acquisition date. These assets could not be separately recognised from goodwill because they are not capable of being separated from Shenzhen Hui Gang and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts.

None of the goodwill arising on this acquisition was expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

	RMB'000
Cash consideration paid	(5,500)
Bank balances and cash acquired	4,092
	(1,408)

Impact of acquisition on the results of the Group

Included in the profit for the year is RMB974,000 attributable to the additional business generated by Shenzhen Hui Gang. Revenue for the year includes approximately RMB5,694,000 generated from Shenzhen Hui Gang.

Had the above acquisition been completed on 1 January 2010, total group revenue for the year would have been approximately RMB4,473,011,000, and profit for the year would have been approximately RMB961,594,000.

The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2010, nor is it intended to be a projection of future results.

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39. Disposal of a Subsidiary

For the year ended 31 December 2011

On 14 February 2011, the Group disposed of its entire 85% equity interests in Shenzhen Xingyan Property Consultancy Company Limited (深圳市星彥地產顧問有限公司) ("Shenzhen Xingyan") to an independent third party for a consideration of approximately RMB21,250,000. Shenzhen Xingyan was engaged in provision of property agency services.

	RMB'000
Consideration satisfied by:	
Cash	14,875
Consideration receivable	6,375
	21,250
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	1,700
Trade and other receivables	2,415
Amounts due from group companies	5,531
Bank balances and cash	3,184
Trade and other payables	(7,256)
Tax payable	(1,267)
Net assets disposed of	4,307
Gain on disposal of a subsidiary:	
Cash consideration	14,875
Consideration receivable	6,375
Non-controlling interests	646
Net assets disposed of	(4,307)
Gain on disposal	17,589
Net cash inflow arising on disposal:	
Cash consideration	14,875
Bank balances and cash disposed of	(3,184)
	11,691

The subsidiary disposed of did not contribute significantly to the Group's cash flows, revenue and profit from operations during the year ended 31 December 2011.

40. Operating Lease Commitments

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2011 RMB'000	2010 RMB'000
Within one year	7,022	7,195
In the second to the fifth year inclusive	18,428	20,037
After the fifth year	5,638	10,190
	31,088	37,422

Operating lease payments represent rentals payable by the Group for certain offices premises. Leases are negotiated for an average term of 1 to 10 years with fixed rentals.

The Group as lessor

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	2011 RMB'000	2010 RMB'000
Within one year	50,426	14,960
In the second to the fifth year inclusive	174,104	50,530
After the fifth year	106,234	115,668
	330,764	181,158

Property rental income represents rentals receivable by the Group. Leases are negotiated for an average term of 1 to 18 years with fixed rentals.

41. Other Commitments

	2011 RMB'000	2010 RMB'000
Construction commitments in respect of properties for sale contracted for but not provided in the consolidated financial statements	2,525,242	1,631,646
Land development expenditure commitments in respect of development cost contracted for but not provided in the consolidated financial statements	98,202	–
Construction commitments in respect of investment properties contracted for but not provided in the consolidated financial statements	206,353	50,366
Construction commitments in respect of hotels contracted for but not provided in the consolidated financial statements	41,646	83,455
Consideration commitments in respect of acquisition of subsidiaries contracted for but not provided in the consolidated financial statements	4,521	–
Commitment in respect of acquisition of land use rights contracted for but not provided in the consolidated financial statements	–	140,000

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42. Share Option Scheme

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 27 October 2009 for the primary purposes of providing incentives to certain directors and employees of the Company and its subsidiaries ("Eligible Employees"), and will expire on 28 August 2021. Under the Scheme, the Board of Directors of the Company is authorised to grant options at a consideration of HK$1 per option to the Eligible Employees to subscribe for shares in the Company ("Shares").

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme ("Options") and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of the Company in issue at any point in time. Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

The exercisable period of an option is determined by the directors at their discretion. The expiry date of the option may be determined by the Board of Directors of the Company which shall not be later than the expiry day of the Scheme.

The exercise price is determined by the directors of the Company, and will not be less than the greater of: (i) the closing price of the Company on the offer date; (ii) the average of the closing price of the Company's shares for the 5 trading days immediately preceding the offer of the options and (iii) the nominal value per share of the Company.

As at 31 December 2011, the total number of shares to be issued upon the exercise of all options granted under the Scheme is 74,230,000 of HK$0.1 each, representing approximately 1.43% of the issued share capital of the Company.

Details of the share options granted under the Scheme during the year ended 31 December 2011 is as follows:

Category of Grantee	Date of grant	Exercise price per share	Exercisable period	Vesting period	Option granted during the year and at 31 December 2011
Directors	29 August 2011	HK$0.836	29/08/2012–28/08/2021	29/08/2011–28/08/2012	2,201,000
			29/08/2013–28/08/2021	29/08/2011–28/08/2013	4,402,000
			29/08/2014–28/08/2021	29/08/2011–28/08/2014	15,407,000
					22,010,000
Employees	29 August 2011	HK$0.836	29/08/2012–28/08/2021	29/08/2011–28/08/2012	5,222,000
			29/08/2013–28/08/2021	29/08/2011–28/08/2013	10,444,000
			29/08/2014–28/08/2021	29/08/2011–28/08/2014	36,554,000
					52,220,000

There is no share options exercised or expired during the year ended 31 December 2011.

42. Share Option Scheme (continued)

The closing price of the shares on the date of grant was HK$0.820. Binomial Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Company's best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	29 August 2011
Market price	HK$0.820
Exercise price	HK$0.836
Expected volatility	40.43%
Risk-free rate	1.74%
Expected dividend yield	4.878%

The estimated fair value of the options at the date of grant and on 31 December 2011 is approximately RMB15,225,000. The Group recognised the total expense of approximately RMB2,240,000 for the year in relation to share options granted by the Company.

43. Retirement Benefits Plans

The Group operates a mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under control of a trustee. The Group contributes lower of 5% of relevant payroll costs or HK$1,000 per person per month to the Scheme, which is matched by employees.

The employees of the Group in the PRC are members of state-managed retirement benefit scheme operated by the PRC Government. The Company's subsidiary is required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme.

44. Contingent Liabilities

	2011 RMB'000	2010 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	2,478,814	1,689,775

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgage loans and ends after the buyer obtained the individual property ownership certificate.

In the opinion of the directors, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

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45. Related Party Disclosures

1) During the year, in addition to those disclosed in notes 17, 18, 30 and 34, the Group had significant transactions with related parties as follows:

Related parties	Relationship	Transactions	2011 RMB'000	2010 RMB'000
Huidong Dayawan San Jiao Zhou Company Limited 惠東縣大亞灣三角洲俱樂部有限公司	Company controlled by Ms. Zeng Jie, Baby, a controlling shareholder and director of received the Company	Management service fee	980	500
Shenzhen Xi Fu Hui Club Management Company Limited 深圳喜福會會所管理有限公司	Company controlled by Ms. Zeng Jie, Baby, a controlling shareholder and director of the Company	Property rental income received	301	301
Shenzhen Cube Architecture Designing Consultants Company Limited 深圳立方建築設計顧問有限公司	An associate of Shenzhen Tiankuo (defined in note 30), a related company controlled by Ms. Zeng Jie, Baby, the controlling shareholder and director of the Company	Design services fee paid	4,154	–
Mr. Yu Shui 于水先生	Non-controlling shareholder of a subsidiary of the Company	Consideration paid in respect of acquisition of additional interest in a subsidiary of the Group	332,440	–
Zhongxu Investment Limited 中旭投資有限公司	Non-controlling shareholder of a subsidiary of the Company	Consideration paid in respect of acquisition of additional interest in a subsidiary of the Group	10,000	–

During the year ended 31 December 2011, the Group sold certain properties to its key management personnel of the Group, at a cash consideration of approximately RMB6,459,000 (2010: RMB10,704,000).

2) **Compensation of key management personnel**

The remuneration of directors and other members of key management during the year is as follows:

	2011 RMB'000	2010 RMB'000
Short-term benefit	61,260	52,768
Post-employment benefit	2,663	1,353
Share-based payment	1,985	–
	65,908	54,121

46. Particulars of Principal Subsidiaries of the Company

Particulars of principal subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2011 and 2010 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2011	2010	Principal activities	Legal form
Winning Sky International Limited	The BVI 8 March 2006	US$100	100% (directly)	100% (directly)	Investment holding	Private limited liability
Fantastic Victory Limited	The BVI 3 September 2007	US$100	100% (directly)	100% (directly)	Investment holding	Private limited liability
Wisdom Regal Limited	The BVI 3 September 2007	US$100	100% (directly)	100% (directly)	Investment holding	Private limited liability
Colour Life Services Group Co., Ltd ("Colour life Services")	The Cayman Islands 16 March 2011	HK$1,000	70% (directly)	N/A	Investment holding	Private limited liability
Ace Link Pacific Limited #	The BVI 3 September 2007	US$100	70%	100% (directly)	Investment holding	Private limited liability
Precise Idea Limited	The BVI 17 June 2009	US$1	100% (directly)	100% (directly)	Investment holding	Private limited liability
Talent Bright International Limited	The BVI 17 June 2009	US$1	100% (directly)	100% (directly)	Investment holding	Private limited liability
香港花樣年投資控股集團有限公司 Fantasia Investment Holdings Company Limited ("Fantasia Investment Holdings")	Hong Kong 19 February 2001	HK$10,000	100%	100%	Investment holding	Private limited liability
悦泰投資有限公司 Joytime Investment Limited	Hong Kong 6 November 2007	HK$10,000	100%	100%	Investment holding	Private limited liability
金展集團有限公司 Gold Genius Holdings Limited #	Hong Kong 8 November 2007	HK$10,000	70%	100%	Investment holding	Private limited liability
花樣年酒店管理(國際)有限公司 Fantasia Hotel Management (International) Company Limited	Hong Kong 15 July 2009	HK$1	100%	100%	Investment holding	Private limited liability
花樣年物業管理(國際)有限公司 Fantasia Property Management (International) Company Limited	Hong Kong 15 July 2009	HK$1	100%	100%	Investment holding	Private limited liability

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46. Particulars of Principal Subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2011	2010	Principal activities	Legal form
香港康年貿易有限公司 Hong Kong Kangnian Trading Company Limited	Hong Kong 24 September 2009	US$500,000	100%	100%	Trading and investment holding	Private limited liability
花樣年集團(中國)有限公司 Fantasia Group (China) Company Limited*	The PRC 20 January 2006	RMB1,624,843,500	100%	100%	Investment holding and property development	Limited liability company
天津松江花樣年置業有限公司 Tianjin Songjiang Fantasia Real Estate Company Limited*	The PRC 29 May 2006	RMB50,000,000	60%	60%	Property development	Limited liability company
深圳市花樣年地產集團有限公司 Shenzhen Fantasia Real Estate Group Limited* ("Shenzhen Fantasia")	The PRC 28 September 1996	RMB100,000,000	100%	52%	Investment holding, property development and investment	Limited liability company
深圳市星彥地產顧問有限公司 Shenzhen Xingyan Property Consultancy Company Limited*	The PRC 21 February 2000	RMB3,000,000	–	85%	Provision of property agency services	Limited liability company
深圳市彩生活服務集團有限公司 Shenzhen Fantasia Colour Life Service Group Limited*	The PRC 25 August 2006	RMB15,000,000	70%	70%	Investment holding	Limited liability company
惠州大亞灣花萬里實業有限公司 Huizhou Daya Bay Huawanli Industry Company Limited*	The PRC 8 June 2007	RMB51,000,000	100%	100%	Property development	Limited liability company
天津市花樣年投資有限公司 Tianjin Fantasia Investment Company Limited*	The PRC 12 June 2006	RMB10,000,000	100%	100%	Property development	Limited liability company
成都通和置業有限公司 Chengdu Tonghe Real Estate Company Limited*	The PRC 18 October 2001	RMB75,610,000	100%	100%	Property development and investment	Limited liability company

46. Particulars of Principal Subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2011	2010	Principal activities	Legal form
深圳市花千里房地產開發有限公司 Shenzhen Huaqianli Real Estate Investment Development Company Limited*	The PRC 28 August 2006	RMB660,339,487	100%	100%	Investment holding	Limited liability company
深圳置富房地產開發有限公司 Shenzhen Zhifu Real Estate Investment Development Company Limited*	The PRC 1 July 1994	RMB946,843,500	100%	100%	Property development and investment	Limited liability company
深圳宏威裝飾設計工程有限公司 Shenzhen Hongwei Decoration & Designing Company Limited*	The PRC 25 May 1994	RMB10,000,000	100%	100%	Provision of interior design services	Limited liability company
深圳市彩生活物業管理有限公司 Shenzhen Colour Life Property Management Company Limited*#	The PRC 11 December 2000	RMB5,000,000	100%	100%	Provision of property operation services	Limited liability company
深圳市彩生活網絡服務有限公司 Shenzhen Colour Life Network Services Company Limited*#	The PRC 12 June 2007	RMB10,000,000	100%	100%	Provision of property operation services	Limited liability company
深圳市開元同濟樓宇科技有限公司 Shenzhen Kaiyuan Tongji Building Science & Technology Company Limited*#	The PRC 15 November 2001	RMB5,000,000	100%	100%	Provision of security system design, installation and maintenance services	Limited liability company
深圳市蓮塘物業管理有限公司 Shenzhen Liantang Property Management Company Limited*#	The PRC 16 November 1999	RMB5,500,000	100%	100%	Provision of property operation services	Limited liability company
花樣年實業發展(成都)有限公司 Fantasia (Chengdu) Development Company Limited*	The PRC 4 July 2001	RMB50,000,000	100%	90%	Property development and investment	Limited liability company
花樣年(成都)生態旅遊開發有限公司 Fantasia (Chengdu) Ecological Tourism Development Company Limited*	The PRC 7 September 2006	RMB1,344,970,000	100%	100%	Property development	Limited liability company

46. Particulars of Principal Subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2011	2010	Principal activities	Legal form
成都花萬里置業有限公司 Chengdu Huawanli Real Estate Company Limited*	The PRC 25 October 2005	RMB100,000,000	100%	100%	Property development and investment	Limited liability company
成都花千里置業有限公司 Chengdu Huaqianli Real Estate Company Limited*	The PRC 6 November 2006	RMB704,680,000	100%	100%	Property development	Limited liability company
成都花百里置業有限公司 Chengdu Huabaili Real Estate Company Limited*	The PRC 22 May 2003	RMB270,000,000	100%	100%	Property development	Limited liability company
東莞市花樣年房地產投資有限公司 Dongguan Fantasia Real Estate Investment Company Limited*	The PRC 4 December 2006	RMB30,000,000	100%	100%	Property development	Limited liability company
雅浩科技發展(深圳)有限公司 Yahao Technology Development (Shenzhen) Company Limited*#	The PRC 25 August 2005	HKD1,000,000	70%	100%	Investment holding	Limited liability company
深圳市康年科技有限公司 Shenzhen Kangnian Technology Company Limited*	The PRC 9 February 2007	RMB87,250,000	100%	100%	Property development and investment	Limited liability company
四川西美投資有限公司 Sichuan Ximei Investment Company Limited*	The PRC 7 June 2004	RMB500,000,000	100%	100%	Property development	Limited liability company
天津福大房地產銷售有限公司 Tianjin Fuda Real Estate Development Company Limited*	The PRC 18 October 2004	RMB45,000,000	100%	100%	Property development	Limited liability company
宜興市江南水鄉度假村有限公司 Yixing Jiangnan Shuixiang Tourism Resort Company Limited*	The PRC 19 April 2005	RMB28,000,000	60%	60%	Property development	Limited liability company
深圳市星彥行置業有限公司 Shenzhen Xingyanhang Property Company Limited*#	The PRC 23 April 2007	RMB4,000,000	92.65%	92.65%	Provision of agency services	Limited liability company

46. Particulars of Principal Subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2011	2010	Principal activities	Legal form
成都新津友幫房地產開發有限責任公司 Chengdu Xinjin Youbang Real Estate Development Company Limited*	The PRC 9 May 2004	RMB85,000,000	100%	100%	Property development	Limited liability company
成都花樣年望叢文化發展有限公司 Chengdu Fantasia Wangcong Culture Development Company Limited*	The PRC 6 August 2008	RMB300,000,000	100%	100%	Property development	Limited liability company
成都九蓉房地產開發有限公司 Chengdu Jiurong Real Estate Development Limited*	The PRC 22 August 2007	RMB320,000,000	100%	100%	Property development	Limited liability company
深圳花樣年商業管理有限公司 Shenzhen Fantasia Business Management Company Limited*	The PRC 3 June 2009	RMB100,000,000	100%	100%	Provision of property operation services	Limited liability company
深圳市花樣年酒店管理有限公司 Shenzhen Fantasia Hotel Management Company Limited*	The PRC 3 June 2009	RMB50,000,000	100%	100%	Hotel services	Limited liability company
深圳市彩悦酒店管理有限公司 Shenzhen Caiyue Hotel Management Company Limited*#	The PRC 20 August 2008	RMB100,000	100%	100%	Hotel services	Limited liability company
深圳市彩悦酒店有限公司 Shenzhen Caiyue Hotel Company Limited*#	The PRC 15 January 2009	RMB100,000	100%	100%	Hotel services	Limited liability company
寧夏回族自治區新聖基建築工程有限公司 Ningxia Hui Nationality Autonomous Region Xingshengji Construction Company Limited*	The PRC 22 July 2009	RMB20,000,000	100%	100%	Provision of construction services	Limited liability company
深圳滙恒置業有限公司 Shenzhen Huiheng Property Company Limited*	The PRC 20 April 2006	RMB10,000,000	100%	100%	Property development	Limited liability company

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46. Particulars of Principal Subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2011	2010	Principal activities	Legal form
惠州市惠陽區花千里實業有限公司 Huizhou Huiyang Huaqianli Industry Company Limited.*	The PRC 14 August 2010	RMB100,000,000	100%	100%	Property development	Limited liability company
花千里投資(北京)有限公司 Huaqianli Investment (Beijing) Company Limited.*	The PRC 15 March 2010	RMB10,00,000	100%	76%	Investment Holding	Limited liability company
蘇州花萬里房地產開發有限公司 Suzhou Huawanli Real Estate Company Limited*	The PRC 9 September 2009	RMB180,000,000	100%	100%	Property development	Limited liability company
蘇州林甲岩房產發展有限公司 Suzhou LKN Real Estate Company Limited*	The PRC 5 July 1994	RMB180,599,652	100%	100%	Property development	Limited liability company
深圳市匯港物業管理有限公司 Shenzhen Hui Gang Property Management Company Limited*#	The PRC 12 April 2002	RMB3,000,000	75%	75%	Provision of property operation services	Limited liability company
成都市花樣年物業服務有限公司 Chengdu Fantasia Property Service Company Limited*	The PRC 23 December 2009	RMB5,000,000	100%	70%	Provision of property operation services	Limited liability company
東莞花千里房地產開發有限公司 Dongguan Huaqianli Property Development Company Limited*	The PRC 30 April 2010	RMB30,000,000	100%	100%	Property development	Limited liability company
深圳高華投資有限公司 Shenzhen Gaohua Investment Limited*	The PRC 12 March 2010	RMB200,000,000	100%	100%	Investment holding, property development and investment	Limited liability company
成都市諾亞舟實業有限公司 Chengdu Nuoyazhou Development Company Limited*	The PRC 17 June 2008	RMB300,000,000	100%	100%	Property development	Limited liability company
江蘇東發置業有限公司 Jiangsu Dongfa Real Estate Company Limited*	The PRC 2 March 2009	RMB20,000,000	100%	100%	Property development	Limited liability company

46. Particulars of Principal Subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2011	2010	Principal activities	Legal form
桂林萬豪房地產開發有限公司 Guilin Wanhao Property Development Limited*	The PRC 14 November 2007	RMB250,000,000	100%	100%	Property development	Limited liability company
桂林聚豪房地產開發有限公司 Guilin Juhao Property Development Limited*	The PRC 14 November 2007	RMB250,000,000	100%	100%	Property development	Limited liability company
成都花港置業有限公司 Chendu Huagang Real Estate Company Limited*	The PRC 14 April 2011	RMB200,000,000	100%	N/A	Property development	Limited liability company
TCL王牌電子(深圳)有限公司 TCL King Electronics (Shenzhen) Company Limited*	The PRC 9 October 1981	HKD100,000,000	100%	–	Property development	Limited liability company
惠州市友鄰物業管理有限公司 Huizhou Youling Property Management Company Limited*#^	The PRC 13 June 2008	RMB500,000	100%	–	Provision of property operation services	Limited liability company
天津新塘物業管理有限公司 Tianjing Xintang Property Management Company Limited*#^	The PRC 21 May 2007	RMB500,000	100%	–	Provision of property operation services	Limited liability company
深圳市羅伯特管家物業管理有限公司 Shenzhen Robert Housekeeper Property Management Company Limited*#^	The PRC 9 April 2002	RMB1,000,000	51%	–	Provision of property operation services	Limited liability company

* The English name is for identification purpose only.

\# These subsidiaries were held by a non-wholly owned subsidiary of the Company namely Colour Life Services at 31 December 2011.

^ These subsidiaries were acquired during the year ended 31 December 2011. Details are set out in note 38 (b).

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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47. Information about the Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	932,758	529,525
Advances to subsidiaries	3,475,509	3,821,106
	4,408,267	4,350,631
CURRENT ASSET		
Banks balances and cash	49,229	101,463
CURRENT LIABILITIES		
Amounts due to subsidiaries	417,478	383
Accruals	4,364	5,404
Borrowings	–	662,270
	421,842	668,057
NET CURRENT LIABILITIES	(372,613)	(566,594)
TOTAL ASSETS LESS CURRENT LIABILITIES	4,035,654	3,784,037
NON-CURRENT LIABILITY		
Senior notes	752,367	787,330
	3,283,287	2,996,707
CAPITAL AND RESERVES		
Share capital (see note (37))	457,093	429,389
Reserves	2,826,194	2,567,318
	3,283,287	2,996,707

FINANCIAL SUMMARY

Results

	For the year ended 31 December				
	2007 RMB'000 (Note 1)	2008 RMB'000 (Note 1)	2009 RMB'000	2010 RMB'000	2011 RMB'000
Revenue	772,057	1,174,211	2,458,673	4,471,234	5,592,350
Profit before taxation	166,819	254,071	776,495	1,789,678	2,151,840
Income tax expense	(82,552)	(156,550)	(407,050)	(828,708)	(942,199)
Profit for the year	84,267	97,521	369,445	960,970	1,209,641
Attributable to					
Owners of the Company	68,797	84,259	373,469	807,281	1,153,624
Non-controlling interests	15,470	13,262	(4,024)	153,689	56,017
	84,267	97,521	369,445	960,970	1,209,641

Assets and liabilities

	At 31 December				
	2007 RMB'000 (Note 1)	2008 RMB'000 (Note 1)	2009 RMB'000	2010 RMB'000	2011 RMB'000
Total assets	4,209,052	4,957,322	11,453,486	15,382,388	18,122,636
Total liabilities	2,807,249	3,510,965	7,372,125	10,415,918	12,123,355
	1,401,803	1,446,357	4,081,361	4,966,470	5,999,281
Equity attributable to owners of the Company	1,058,994	1,145,964	3,770,259	4,502,134	5,818,624
Non-controlling interests	342,809	300,393	311,102	464,336	180,657
	1,401,803	1,446,357	4,081,361	4,966,470	5,999,281

Note:

1. The figures for the two years ended 31 December 2007 and 2008 have been extracted from the prospectus of the Company dated 12 November 2009.

MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

1. Completed properties held for investment

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
1	Units 218, 219, 221 to 225, 227 and 228 of Fairy Land located at Renmin North Road Luohu District Shenzhen City Guangdong Province The PRC	Commercial	Long	385.45 m^2	100%
2	Units 101 and 148 and 200 car parking spaces of My Place located at Xiasha Village South Binhe Road Futian District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/–	Commercial: 11,100.07 m^2	100%
3	Unit 16B of Jinfeng Mansion located at Shangbu South Road Futian District Shenzhen City Guangdong Province The PRC	Commercial	Medium	450.21 m^2	100%
4	Unit 110 and 191 car parking spaces of Pair Life located at Wenjindu Luohu District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/–	Commercial: 1,234.93 m^2	100%
5	Units 24H, 24J, 24K, 24L, a community club (Unit 101) and 100 car parking spaces of Self Life located at the junction of Fuhua Road and Binhe Road Futian District Shenzhen City Guangdong Province The PRC	Residential/ Community club/ Carpark	Long/Long/–	Residential: 230.74 m^2 Community club: 1,252.3 m^2	100%
6	Units 105 to 108 and 200 car parking spaces of Hailrun Complex No. 6021 Shennan Boulevard Futian District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Medium/–	Commercial: 42.91 m^2	100%

1. Completed properties held for investment (continued)

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
7	177 car parking spaces of Endless Blue located at the northern side of North Ring Xiameilin Futian District Shenzhen City Guangdong Province The PRC	Carpark	–		100%
8	Shops and 527 car parking spaces of Phase 1 of Love Forever located at the junction of Baoan Boulevard and Yulv Road Baoan District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/–	Commercial: 3,220.92 m^2	100%
9	Shops and 507 car parking spaces of Phase 2 of Love Forever located at the junction of Baoan Boulevard and Yulv Road Baoan District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/–	Commercial: 4,439.33 m^2	100%
10	Units 201–204 of Block C and 336 car parking spaces of Future Plaza located at Qiaocheng North Road Nanshan District Shenzhen City Guangdong Province The PRC	Office/ Carpark	Medium/–	Office: 1,511.51 m^2	100%
11	145 car parking spaces of Flower Harbour located at the northern side of Mingzhu Avenue Yantian District Shenzhen City Guangdong Province The PRC	Carpark	–		100%

MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

1. Completed properties held for investment (continued)

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
12	Units 32F and 32G of Flower Harbour located at the northern side of Mingzhu Avenue Yantian District Shenzhen City Guangdong Province The PRC	Residential	Long	72.95 m^2	70%
13	Units 401 to 404 Xiangyun Tiandu Century Mansion located at the junction of Fuqiang Road and Xinzhou San Street in Futian District, Shenzhen City Guangdong Province The PRC	Office	Long	509.09 m^2	100%
14	First to Thrid Floors of U Hotel located at No.8 Xinggong Road Nanshan District Shenzhen City Guangdong Province The PRC	Office	Medium	4,990.00 m^2	100%
15	Office and Car parking space of Meinian International complex located at West to Nanhai Avenue and South to Dongbin Road Nanshan District Shenzhen City Guangdong Province The PRC	Office/Carpark	Medium/–	Office: 34,557.49 m^2	100%
16	165 car parking spaces of Human Art Wisdom No. 33 Ximianqiao Street Wuhou District Chengdu City Sichuan Province The PRC	Carpark	Long	6,411.48 m^2	100%

1. Completed properties held for investment (continued)

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
17	15 car parking spaces and Club of Fantasia Special Town No. 333 Huanglong Avenue 2nd Section Gongxing Town Shuangliu County Sichuan Province The PRC	Club/Carpark	Long	Carpark: 275.8 m^2 Club: 2,489.26 m^2	100%
18	Various commercial units and mechanical car parking space of Love Forever No. 99 Shuangqing Road Chenghua District Chengdu City Sichuan Province The PRC	Commercial/Carpark	Medium/–	Commercial: 8,248.39 m^2 Carpark: 11,871.99 m^2	100%
19	Mechanical car parking space of Hailrun Plaza project No. 216 Xiadong Street Jinjiangdong District Chengdu City Sichuan Province The PRC	Carpark	–	10,652.85 m^2	100%
20	Shops of Phase 1 of Fantasia Town located at No.399 Section 3 Wenquan Road in Wenjiang District Chengdu City Sichuan Province The PRC	Commercial	Long	85.68 m^2	100%
21	Car parking space of Hao Ge project No.1 Xiang Shan Road Wu Zhong District Taihu National Tourist Vacation Areas Suzhou, Jiansu Province The PRC	Carpark	–		100%

MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

1. Completed properties held for investment (continued)

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
22	Car parking space of Hailrun Plaza between Jie Fang Nan Road and Wu Shui Dao, Tianjin City The PRC	Carpark	–		60%
23	5F-8F Fantasia Zhongding Building, Can Luan Road Guilin, Guangxi Province The PRC	Office	Medium	7,123.95 m^2	100%

2. Investment properties under construction

No.	Property	Type	Lease term	Stage of Completion	Interest attributable to the Group	Anticipated completion date
1	Car parking space of Funian Plaza Free Trade Zone, Futian Shenzhen, Guangdong Province The PRC	Carpark	–	In progress	100%	June 2012
2	Car parking space of Future Plaza between Dongjiang Road and Neijiang Road in Hexi District Tianjin The PRC	Carpark	–	In progress	100%	October 2012
3	Car parking space of Future Plaza located at No. 88 Ji Tai Wu Lu Chengdu City Sichuan Province The PRC	Carpark	–	In progress	100%	November 2012
4	Commercial units of Phase 1 of Fantasia Town located at the intersection of Wan Fu Road and Xicheng Boulevard Guilin, Guangxi Province The PRC	Commercial	Long	In progress	100%	December 2013

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE
The Stock Exchange of Hong Kong Limited
Stock Code: 01777

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

CORPORATE HEAD OFFICE IN HONG KONG
Room 1103
Top Glory Tower
262 Gloucester Road
Causeway Bay
Hong Kong

CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA
F/27, Block A, Hailrun Complex
No. 6021 Shennan Boulevard
Shenzhen 518040,
Guangdong Province
China

www.cnfantasia.com