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SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 755)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	3	**2,796,296**	3,959,091
Cost of sales		**(1,380,617)**	(2,490,121)
Gross profit		**1,415,679**	1,468,970
Other income and gains		**214,865**	35,164
Distribution costs		**(131,196)**	(81,133)
Administrative expenses		**(310,362)**	(286,561)
(Impairment loss)/reversal of impairment loss on property, plant and equipment		**(9,694)**	11,002
Reversal of impairment loss on payment for leasehold land held for own use under operating leases		**45,371**	47,982
Reversal of write-down of properties under development		**–**	22,369
Change in fair value of investment properties		**162,297**	21,753
Impairment loss on goodwill		**(1,040)**	(45,862)
Reversal of impairment loss/(impairment loss) on other receivable		**19,995**	(19,230)
Waiver of an other receivable		**–**	(63,431)
Share of results of associates		**19,689**	297,980
Share of result of a jointly controlled entity		**(5,610)**	(2,776)
Finance costs	6	**(466,174)**	(256,556)

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Profit before tax expenses	5	**953,820**	1,149,671
Tax expenses	7	**(505,606)**	(582,044)
Profit for the year		**448,214**	567,627
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**216,913**	181,872
Release of other revaluation reserve on disposal of properties for sales held by associates		**(8,271)**	(30,809)
Tax expenses related to release of other revaluation reserve		**1,241**	4,621
Release of foreign exchange reserve upon disposal of subsidiaries		**(25,644)**	–
Other comprehensive income for the year, net of tax		**184,239**	155,684
Total comprehensive income for the year		**632,453**	723,311
Profit/(loss) for the year attributable to:			
– Owners of the Company		**449,886**	569,838
– Non-controlling interests		**(1,672)**	(2,211)
		448,214	567,627
Total comprehensive income attributable to:			
– Owners of the Company		**623,475**	719,393
– Non-controlling interests		**8,978**	3,918
		632,453	723,311
Earnings per share	9		
– Basic		**HK3.6 Cents**	HK4.6 Cents
– Diluted		**HK3.6 Cents**	HK4.6 Cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**387,019**	400,498
Investment properties		**2,564,824**	1,769,068
Payment for leasehold land held for own use under operating leases		**642,794**	591,808
Goodwill		**101,763**	101,457
Interests in associates		**842,307**	1,328,800
Interest in a jointly controlled entity		**52,614**	56,000
Available-for-sale investments		**35,648**	27,797
Total non-current assets		**4,626,969**	4,275,428
Current assets			
Properties under development and for sales		**4,346,035**	15,427,690
Inventories		**1,887**	1,654
Trade and other receivables	*10*	**650,583**	351,131
Deposits for property development		**90,557**	67,672
Amounts due from associates		**660,086**	257,620
Amount due from a jointly controlled entity		**535,984**	525,962
Available-for-sale investments		**1,957**	589
Amounts due from related companies		**15,954**	13,193
Pledged bank deposits		**224,749**	393,945
Tax prepayments	*12*	**39,400**	16,810
Entrusted loans receivables		**293,542**	–
Cash and cash equivalents		**888,224**	1,287,852
		7,748,958	18,344,118
Assets classified as held for sale		**15,456,736**	–
Total current assets		**23,205,694**	18,344,118
Total assets		**27,832,663**	22,619,546
Current liabilities			
Trade, notes and other payables	*11*	**1,029,434**	661,929
Receipts in advance from customers		**1,283,397**	2,347,472
Entrusted loans payables		**73,386**	–
Amounts due to associates		**10,447,186**	7,471,706
Amounts due to related companies		**55,089**	50
Amounts due to minority owners of subsidiaries		**173,310**	19,203
Bank loans		**754,648**	896,698
Senior loan notes		**1,078,964**	–
Tax payable	*12*	**1,626,279**	1,475,602
		16,521,693	12,872,660
Liabilities associated with assets classified as held for sale		**2,850,453**	–
Total current liabilities		**19,372,146**	12,872,660
Net current assets		**3,833,548**	5,471,458
Total assets less current liabilities		**8,460,517**	9,746,886

	2011	2010
	HK$'000	*HK$'000*
Non-current liabilities		
Bank loans	**1,806,183**	1,644,557
Senior loan notes	**–**	1,073,607
Other borrowing	**–**	1,127,589
Deferred tax liabilities	**692,810**	638,521
Other payables	**148,599**	135,878
Total non-current liabilities	**2,647,592**	4,620,152
Total liabilities	**22,019,738**	17,492,812
TOTAL NET ASSETS	**5,812,925**	5,126,734
Capital and reserves attributable to owners of the Company		
Share capital	**249,276**	249,838
Reserves	**5,300,154**	4,680,591
Equity attributable to owners of the Company	**5,549,430**	4,930,429
Non-controlling interests	**263,495**	196,305
TOTAL EQUITY	**5,812,925**	5,126,734

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2011

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

Except as explained below, the adoption of these new/revised standards and interpretations has no material impact on the Group's financial statements.

HKFRS 3 (Amendments) – Business Combinations

As part of the Improvements to HKFRSs issued in 2010, HKFRS 3 has been amended to clarify that the option to measure non-controlling interests ("NCI") at either fair value or the NCI's proportionate share in the recognised amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of NCI are measured at their acquisition date fair value unless another measurement basis is required by HKFRSs. The Group has amended its accounting policies for measuring NCI but the adoption of the amendment has had no impact on the Group's financial statements.

HKFRS 7 (Amendments) – Financial Instruments: Disclosures

As part of the Improvements to HKFRSs issued in 2010, HKFRS 7 has been amended to enhance the interaction between quantitative and qualitative disclosures. If the carrying amount of a financial asset best represents the maximum exposure to credit risk, the standard does not require a positive statement to this effect in the financial statements. This amended disclosure requirement has been applied retrospectively. The carrying amount of the Group's trade receivables represents the Group's maximum exposure to credit risk in respect of these financial assets as at 31 December 2011 and 2010. The prior year financial statements included a positive statement to this effect which is removed in the 2011 financial statements following the amendments. The adoption of the amendments has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition and no amendment is required for the disclosures of its related party transactions in the current and comparative periods. The adoption of HKAS 24 (Revised) has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

(b) **New/revised HKFRSs that have been issued but are not yet effective**

The following new or revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group:

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

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2013 and 2014, as appropriate
[6] Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Directors so far have concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3. TURNOVER

Turnover representing the aggregate of proceeds from sales of properties, amounts received and receivable from the hotel operations, properties rental, management and agency income, and the provision of travel and related services is summarised as follows:

	Group	
Turnover	**2011**	2010
	HK$'000	*HK$'000*
Sales of properties	**2,391,143**	3,612,066
Hotel operations:		
Room rentals	**107,380**	113,155
Food and beverage sales	**32,479**	28,090
Rendering of ancillary services	**11,765**	11,778
Properties rental, management and agency income	**240,837**	181,964
Travel and related services	**12,692**	12,038
	2,796,296	3,959,091

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports regularly reviewed by the chief operating decision maker that are used to assess performance and allocate resources. The chief operating decision maker considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently organised into four operating divisions which comprise (i) sales of properties; (ii) hotel operations; (iii) properties rental, management and agency services; and (iv) provision of travel and related services.

Certain revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision maker for assessment of segment performance.

Segment information is presented below:

(a) Information about reportable segment revenue, profit or loss and other information

	Sales of properties		Hotel operations		Properties rental, management and agency services		Travel and related services		Group	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue from external sales	**2,391,143**	3,612,066	**151,624**	153,023	**240,837**	181,964	**12,692**	12,038	**2,796,296**	3,959,091
Reportable segment profit before tax expenses	**1,111,833**	1,314,909	**35,950**	83,099	**289,255**	57,103	**9**	15	**1,437,047**	1,455,126
Other information										
Interest income	**5,579**	7,434	**–**	70	**546**	543	**–**	–	**6,125**	8,047
Interest income from other receivables	**10,612**	6,532	**–**	–	**–**	–	**–**	–	**10,612**	6,532
Depreciation of property, plant and equipment	**5,186**	4,270	**15,125**	16,964	**820**	105	**21**	43	**21,152**	21,382
Amortisation of payment for leasehold land held for own use under operating leases	**–**	–	**17,933**	17,040	**–**	–	**–**	–	**17,933**	17,040
(Impairment loss)/reversal of impairment loss on property, plant and equipment	**–**	–	**(9,694)**	11,002	**–**	–	**–**	–	**(9,694)**	11,002
Reversal of impairment loss on payment for leasehold land held for own use under operating leases	**–**	–	**45,371**	47,982	**–**	–	**–**	–	**45,371**	47,982
Change in fair value of investment properties	**–**	–	**–**	–	**162,297**	21,753	**–**	–	**162,297**	21,753
Reversal of write-down of properties under development	**–**	22,369	**–**	–	**–**	–	**–**	–	**–**	22,369
Share of results of associates	**19,689**	297,980	**–**	–	**–**	–	**–**	–	**19,689**	297,980
Share of result of a jointly controlled entity	**(5,610)**	(2,776)	**–**	–	**–**	–	**–**	–	**(5,610)**	(2,776)
Write off of property, plant and equipment	**628**	1,087	**–**	–	**–**	793	**–**	–	**628**	1,880
Gain on disposal of subsidiaries	**68,353**	2,632	**–**	–	**–**	–	**–**	–	**68,353**	2,632
Gain on disposal of investment properties	**–**	–	**–**	–	**71,309**	–	**–**	–	**71,309**	–
Impairment loss on goodwill	**1,040**	45,862	**–**	–	**–**	–	**–**	–	**1,040**	45,862
Reversal of impairment/(impairment loss) on other receivable	**19,995**	(19,230)	**–**	–	**–**	–	**–**	–	**19,995**	(19,230)
Waiver of an other receivable	**–**	63,431	**–**	–	**–**	–	**–**	–	**–**	63,431
Reportable segment assets	**9,515,151**	19,246,772	**1,026,065**	929,554	**1,342,671**	1,928,060	**2,651**	2,282	**11,886,538**	22,106,668
Expenditures for reportable segment non-current assets	**5,061**	709,703	**1,731**	2,389	**1,897**	12,594	**–**	–	**8,689**	724,686
Reportable segment liabilities	**15,924,872**	12,803,174	**19,485**	292,244	**557,384**	182,708	**2,257**	1,919	**16,503,998**	13,280,045

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

Profit before tax expenses

	Group	
	2011	2010
	HK$'000	*HK$'000*
Reportable segment profit before tax expenses	**1,437,047**	1,455,126
Interest income	**2,837**	1,276
Other revenue	**369**	–
Loss on disposal of financial assets at fair value through profit or loss	**–**	(1,986)
Gain on repurchase of senior loan notes	**251**	–
Finance costs	**(466,174)**	(256,556)
Unallocated head office and corporate expenses	**(20,510)**	(48,189)
Profit before tax expenses	**953,820**	1,149,671

Assets

	Group	
	2011	2010
	HK$'000	*HK$'000*
Reportable segment assets	**11,886,538**	22,106,668
Available-for-sale investments	**14,709**	14,709
Pledged bank deposits	**224,749**	393,945
Unallocated head office and corporate assets	**249,931**	104,224
Assets classified as held for sale	**15,456,736**	–
Total assets	**27,832,663**	22,619,546

Liabilities

	Group	
	2011	2010
	HK$'000	*HK$'000*
Reportable segment liabilities	**16,503,998**	13,280,045
Borrowings *(note)*	**2,618,837**	4,188,072
Unallocated head office and corporate liabilities	**46,450**	24,695
Liabilities associated with assets held for sale	**2,850,453**	–
Total liabilities	**22,019,738**	17,492,812

Note:

The balance comprises certain bank loans, senior loan notes and other borrowing.

(c) Geographical information

The Group's operations are principally located in the PRC and Hong Kong. Group administration is carried out in the PRC and Hong Kong.

The following table provides an analysis of the Group's turnover by geographical market.

Group

	Revenue from external customers	
	2011	2010
	HK$'000	*HK$'000*
PRC	**2,783,604**	3,947,053
Hong Kong	**12,692**	12,038
	2,796,296	3,959,091

As the Group's assets are substantially located in the PRC, no further geographical information is presented.

(d) Information about major customers

Revenue from customers of the sales of properties segment in the PRC contributing over 10% of total turnover of the Group is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Customer A	**366,766**	–
Customer B	**–**	802,200
Customer C	**–**	457,483

5. PROFIT BEFORE TAX EXPENSES

Profit before tax expenses is arrived at after charging:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Cost of sales	**1,380,617**	2,490,121
Staff costs	**182,481**	139,547
Depreciation of property, plant and equipment	**21,152**	21,382
Amortisation of payment for leasehold land held for own use under operating leases	**17,933**	17,040
Auditor's remuneration	**2,300**	2,349
Write off of property, plant and equipment	**628**	1,880
Exchange losses, net	**309**	–
Direct operating expenses from investment properties that generated rental income during the year	**38,350**	32,306
Loss on disposal of financial assets at fair value through profit or loss	**–**	1,986

6. FINANCE COSTS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**125,236**	56,121
Interest on bank loans repayable after five years	**42,692**	69,530
Interest on senior loan notes	**111,640**	108,451
Interest on other borrowing	**215,445**	31,299
Interest on entrusted loans payables	**1,962**	–
Unwinding of discount on other payable	**9,387**	8,933
Amortisation of issue costs of senior loan notes	**7,699**	7,699
Less: amount capitalised in properties under development	**(47,887)**	(25,477)
	466,174	256,556

Borrowing costs capitalised during the year, are calculated by applying a capitalisation rate of 8.5% (2010: 9.5%) to expenditure on qualifying assets.

7. TAX EXPENSES

The amount of tax expenses/(credit) in the consolidated statement of comprehensive income represents:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income Tax		
– tax for the year	**172,037**	328,004
– under provision in respect of prior years	**34,006**	3,802
	206,043	331,806
Current tax – LAT		
– tax for the year	**277,650**	290,898
– (over)/under provision of tax attributable to sales of properties in prior years	**(14,261)**	6,201
	263,389	297,099
Deferred tax		
– current year	**36,174**	(46,861)
	505,606	582,044

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the years ended 31 December 2011 and 2010.

PRC Enterprise Income Tax

For subsidiaries which are located and operated in Shanghai and approved to be established before 16 March 2007 by the State Administration of Industrial and Commerce, the Enterprise Income Tax Law of the PRC provides a five-year transition period during which the transitional rates are 18%, 20%, 22%, 24% and 25% for the years ended 31 December 2008, 2009, 2010, 2011 and 2012 respectively. These PRC subsidiaries are subject to PRC Enterprise Income Tax at rate ranging from 24% to 25% (2010: 22% to 25%) during the year ended 31 December 2011.

Profits of other subsidiaries established in the PRC are subject to an income tax rate of 25%, which is unified to both domestic enterprises and foreign-invested enterprises.

Pursuant to the PRC tax law passed on 16 March 2007, a 10% withholding tax will be levied on dividends declared to foreign investors effective from 1 January 2008. However, a 5% withholding tax will be levied on dividends declared to Hong Kong investor under the tax treaty arrangement between PRC and Hong Kong. Further to the issuance of Guofa (2007) No. 39, the Ministry of Finance and the State Administration of Taxation released notice Caishui (2008) No. 1 on 22 February 2008, stating that the distributions of the pre-2008 earnings of a foreign invested enterprise to a foreign investor in 2008 or later will be exempted from any withholding taxes.

LAT

LAT 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 costs of land and development and construction expenditures.

8. DIVIDENDS

No dividend was proposed for the year ended 31 December 2011 and 2010.

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2011	2010
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**449,886**	569,838
	Number of shares	Number of shares
	(thousands)	*(thousands)*
Weighted average number of ordinary shares in issue	**12,488,037**	12,332,311
	HK Cents	*HK Cents*
Basic earnings per share	**3.6**	4.6

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to owners of the Company and the weighted average number of shares in issue during the year after adjusting for the number of dilutive potential ordinary shares on share options granted.

	2011	2010
	HK$'000	*HK$'000*
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share	**449,886**	569,838
	Number of shares *(thousands)*	Number of shares *(thousands)*
Weighted average number of ordinary shares in issue	**12,488,037**	12,332,311
Effect of dilutive potential ordinary shares on share options	**–**	4,668
Weighted average number of ordinary shares for diluted earnings per share	**12,488,037**	12,336,979
	HK Cents	*HK Cents*
Diluted earnings per share	**3.6**	4.6

10. TRADE AND OTHER RECEIVABLES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Trade receivables *(note a)*	**84,510**	36,702
Refundable deposits for potential acquisition of land use rights	**311,399**	–
Deposits	**108,049**	44,304
Prepayments	**112,925**	141,115
Loan to the majority owner of a former associate	**–**	97,693
Other receivables	**33,700**	50,547
	650,583	370,361
Impairment loss on other receivable	**–**	(19,230)
	650,583	351,131

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis. A credit period ranging from 30 to 60 days is granted to customers in travel and related services.

(a) **The ageing analysis of trade receivables at the end of reporting period is as follows:**

	Group	
	2011	2010
	HK$'000	*HK$'000*
Current *(i)*	**42,654**	4,406
Less than 1 month past due	**197**	4,675
1 to 3 months past due	**1,719**	12,073
More than 3 months but less than 12 months past due	**36,324**	13,707
More than 12 months past due	**3,616**	1,841
Amount past due but not impaired *(ii)*	**41,856**	32,296
	84,510	36,702

(i) The current balance neither past due nor impaired related to a number of customers for whom there was no recent history of default.

(ii) The balance of HK$41,856,000 (2010: HK$32,296,000) was past due but not impaired. The Group recognised impairment loss on individual assessment based on its accounting policies. The directors consider the balance would be recoverable.

11. TRADE, NOTES AND OTHER PAYABLES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Trade payables *(note a)*	**513,278**	443,545
Notes payables *(note a)*	**92,955**	–
Other payables and accruals	**571,800**	354,262
	1,178,033	797,807
Less: other payable included in non-current liabilities	**(148,599)**	(135,878)
	1,029,434	661,929

Note:

(a) The ageing analysis of trade and notes payables at the end of reporting period is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Current or less than 1 month	**362,710**	18,375
1 – 3 months	**40,137**	131,213
More than 3 months but less than 12 months	**19,364**	11,684
More than 12 months	**169,950**	261,419
	592,161	422,691
Retention money	**14,072**	20,854
	606,233	443,545

The trade and notes payables mainly represent accrued construction costs payable to contractors. The amounts will be paid upon the completion of cost verification process between the contractors and the Group.

12. TAX PREPAYMENTS/PAYABLE

	Group 2011 HK$'000	Group 2010 HK$'000
Tax prepayments		
PRC Enterprise Income Tax prepayments	**9,143**	9,671
LAT prepayments *(note)*	**30,257**	7,139
	39,400	16,810

	Group 2011 HK$'000	Group 2010 HK$'000
Tax payable		
PRC Enterprise Income Tax payable	**73,793**	181,038
LAT provision *(note)*	**1,552,486**	1,294,564
	1,626,279	1,475,602

Note:

The Group is subject to LAT in the PRC and is required to prepay 1% to 5% (2010: 1% to 5%) of the proceeds from sale and pre-sale of the properties. However, the implementation of LAT varies amongst various PRC cities and the Group has not finalised its LAT returns with various local tax bureaus.

On 28 December 2006, the PRC State Administration of Taxation issued a circular, which took effect on 1 February 2007 to request real estate developers to settle the final LAT payments in respect of their development projects that meet certain criteria, such as when 85% of a development project has been pre-sold or sold. Since then, local tax bureaus, including the Shanghai tax bureau, have issued local implementation rules and procedures from time to time. In order to minimise the uncertainties in the accounts due to exposure to the additional LAT liabilities, the Group has provided for LAT fully in accordance with the requirements of State Administration of Taxation and the issued implementation rules and procedures.

13. CLOSURE OF REGISTER OF MEMBERS

As no final dividend will be proposed for the year, it was not necessary to close the register of members of the Company.

CHAIRMAN'S STATEMENT

Financial Results

The board of directors (the "Directors") of Shanghai Zendai Property Limited (the "Company") is pleased to announce the annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011 (the "year" or "year under review").

During the year under review, turnover of the Group amounted to approximately HK$2,796,296,000, a decrease of 29% against approximately HK$3,959,091,000 last year. Profit attributable to shareholders of the Company (the "Shareholders") dropped 21% to approximately HK$449,886,000 as compared with approximately HK$569,838,000 last year. Basic earnings per share of shares of the Company (the "Share") were HK3.6 cents (2010: HK4.6 cents). The decrease in turnover and profit for the year was due to substantially fewer properties for delivery and the increase in finance cost compared to the previous year.

During the year under review, the Group's turnover and profit were mainly generated from:

- Delivery of office buildings in "Wu Dao Kou Financial Center", Shanghai
- Delivery of office buildings in "Zendai International Financial Center", Hainan
- Delivery of residential properties in Changchun, Jilin, Haimen and Chengdu
- Revaluation gains on investment properties

Business Review

During the year under review, the policies of restrictions on property purchases and tightening of mortgages implemented by the Government of the People's Republic of China (the "PRC") and the domestic impact of volatility in foreign economies dragged down the property transaction volume and property prices overall. However, in light of accelerating urbanisation of China and the rising disposable income of its citizens, the Group plans to build more large-scale commercial projects such as Himalayas Center in first-tier cities, as well as more integrated residential and commercial projects such as Zendai Thumb Plaza in second- and third-tier cities. This, in turn, supports the development of the overall Chinese property market.

As the restrictive policies on the local property market are not expected to be loosened in the near future, to mitigate our capital commitments and liabilities, the Group entered into sales and purchase agreements in October and December 2011 in relation to the disposal of 65% and 35% interests in the land parcel of 上海外灘國際金融中心(8-1) (the "Land Parcel") in Huangpu District, Shanghai. Once the transactions are completed, the Group would no longer own any interests in the Land Parcel. The move not only reduces our capital commitments and liabilities, but also increases our capital inflow, hence benefiting our financial position and enabling the Group to reserve the capital for future development.

As the leading integrated commercial property developer in the PRC, the Group has strived to boost the development and sales of commercial and residential properties to realise the opportunities in the PRC property market. During the year under review, Himalayas Center, the largest urban integrated cultural and commercial property in Shanghai, became a new landmark in the city. The Jumeirah Himalayas Hotel Shanghai located in Himalayas Center has commenced business on 30 March 2011, and the remaining commercial and cultural facilities are to begin operation in 2012, marking a new milestone in the Group's self-developed integrated cultural and commercial project.

Commercial Property Projects

Shanghai

Wu Dao Kou Financial Center

"Wu Dao Kou Financial Center," is a grade A commercial project of the Group in Pudong, Shanghai. It comprises a south tower and a north tower, with a total saleable area of 83,265 square metres. As at 31 December 2011, a total floor area of 83,265 square metres had been delivered, of which 5,333 square metres were thus sold and delivered during the year, generating a total contract value of RMB275,905,000 (equivalent to HK$332,777,000) which has been recognised as turnover.

Zendai Cube Tower

"Zendai Cube Tower," another grade A office building of the Group in Pudong, Shanghai comprises office and commercial space with a total saleable floor area of 33,149 square metres. As at 31 December 2011, a cumulative floor area of 33,149 square metres has been sold and delivered, of which 1,702 square metres were transacted during the year. A contract value totaling RMB55,317,000 (equivalent to HK$66,719,000) was recognised as turnover.

Zendai Thumb Plaza

During the year, the Group sold approximately 2,429 square metres of the commercial space at "Zendai Thumb Plaza" in Shanghai for approximately RMB186,255,000 (equivalent to HK$224,647,000) which will be used as general working capital. The remaining space under the Group totaled around 45,739 square metres. The Group also owns 477 parking spaces in the underground parking lot. "Zendai Thumb Plaza" is a modern integrated commercial complex in a prime location near Century Park and the Lujiazui financial district. As at 31 December 2011, more than 90% of the commercial space in the Plaza was leased. Rental income recognised during the year was RMB68,716,000 (equivalent to HK$82,880,000).

Radisson Hotel Pudong

The Group's five-star "Radisson Hotel" is located in "Zendai Thumb Plaza". The 18-storey hotel boasts a gross floor area of 31,529 square metres and 361 guest rooms, a four-storey ancillary building and a single basement level. Managed under the "Radisson" brand by Carlson Companies, the average occupancy rate of the hotel was 67% in 2011. Total income of the hotel reached RMB125,712,000 (equivalent to HK$151,625,000), a decrease of 6% from last year.

Himalayas Center

"Himalayas Center," the largest urban integrated cultural and commercial property in Shanghai and 45% owned by the Group, is situated on a prime location in Pudong facing the Shanghai New International Expo Center. Furthermore, the Fangdian Road station exit of the Metro Line 7 is directly linked with the basement of the Center's shopping mall and it is also near the Long Yang Road Station, the interchange station of Metro Line 2 and the Shanghai Maglev Line. The project occupies a site area of 28,893 square metres with a total gross floor area of approximately 164,500 square metres, including an underground parking space of approximately 25,080 square metres.

The Himalayas Center was designed by Arata Isozaki, an internationally acclaimed architect. Guided by an architectural theme of the modern panorama of natural landscape and greenery, the Center includes the city's largest "specially contoured" building, with an overall height of 31.5 metres, and comprises 29 single building units in different styles, topped off with the largest sky garden in Shanghai. The design of the project has garnered numerous prestigious awards.

The Himalayas Center is an amalgam of the Jumeirah Himalayas Hotel Shanghai, Shopping Centre, the DaGuan Theatre and the Himalayas Art Museum, offering total gross floor areas of 66,435 square metres, 55,702 square metres, 11,376 square metres and 5,956 square metres respectively. The Jumeirah Himalayas Hotel Shanghai, a five-star hotel in China managed by Jumeirah Hotel Group from Dubai boasts a total gross floor area of approximately 66,435 square metres. Trial operations commenced in March 2011 and the average occupancy rate during the year was 34%, generating a total income of approximately RMB89,553,000 (equivalent to HK$108,012,000). The remaining parts of the Himalayas Center are to be completed in phases during 2012. Recruitment of tenants for the commercial space has started in March 2011, and the project is scheduled to be opened during April to August 2012 gradually. As at December 2011, contracted space covered around 12,098 square metres. As for the Himalayas Art Museum, it is the first large open museum in the world and the DaGuan Theatre with a seating capacity of 1,100 is to be the official venue of the "Shanghai International Film Festival." These facilities are to be opened in October 2012 respectively.

Parcel of Land in Qingpu District

The Group owns a 140,099 square metres parcel of land in the tourist district of Zhujiajiao Town, Qingpu District, Shanghai. It is to be developed as an integrated complex comprising mid-range to high-end apartments, retail shops, hotels and a clubhouse in two phases, with a gross floor area of approximately 180,024 square metres. Phase I with a gross floor area of approximately 124,634 square metres contains both residential (43,299 square metres) and commercial areas (57,782 square metres) as well as a business hotel (23,553 square metres). Construction of Phase I has started in the first quarter of 2011, with the residential area of town houses and commercial area starting pre-sale in December 2011, and delivery pending in the first quarter of 2013. As at 31 December 2011, the residential and commercial areas already sold totaled 1,375 square metres and 1,561 square metres respectively, generating RMB26,642,000 (equivalent to HK$32,134,000)and RMB36,119,000 (equivalent to HK$43,561,000) respectively, during the year. As for the business hotel, the Group has signed an agreement with Banyan Tree Group, a major international hotel operator, to open the first Angsance Resort Hotel（悦椿度假酒店）in Shanghai. Scheduled to officially open in 2014, this high-end resort replicates the tranquil setting of an ancient town by riverside, and is jointly designed by Banyan Tree Group.

Construction of Phase II with a gross floor area of approximately 55,390 square metres has commenced in the fourth quarter of 2012 with a commercial plaza (41,136 square metres) and resort hotel (14,254 square metres) to be erected.

Other Cities

Qingdao Zendai Thumb Plaza

The Group owns the rights to a parcel of land in Laoshan District northwest of the intersection of Haier Road and Tongan Road in Qingdao City, Shandong Province, the PRC. The approximately 38,092 square metres site is intended to be developed into an integrated project, "Qingdao Zendai Thumb Plaza." The project includes retail shops (68,000 square metres), a hotel (20,000 square metres), serviced apartments (64,000 square metres) and a car park (63,000 square metres), with a gross floor area of approximately 215,000 square metres. The construction work began in June, 2010 with pre-sale of the serviced apartments commencing in June 2011. As at 31 December 2011, a total saleable area of 19,851 square metres had been sold, generating RMB334,260,000 (equivalent to approximately HK$403,160,000) of total contract value for the Group. The serviced apartments are expected to be ready for delivery in the second half of 2012. Construction of retail stores and a car park are to be completed in the second quarter of 2012, and will be retained for leasing.

A Parcel of Land in Lao Shan District, Qingdao City

The Group has a 45% interest in a parcel of land in the southwestern Laoshan District of Qingdao City, Shandong Province covering approximately 43,613 square metres. This site bounded by the Hong Kong Road to its south and Songling Road to its west is intended for development of an integrated project "Qingdao Shangshi International Plaza" which comprises serviced apartments, residential apartments and an underground car park. The project with a total gross floor area of approximately 143,000 square metres is to be constructed in phases. Phase I comprising five 28- to 30-storey high-end residential buildings with a gross floor area of approximately 66,190 square metres was completed and delivered in 2010. Other parts of the project are still under planning.

Yangzhou Commercial Project

The Group is developing an integrated property project for commercial, cultural, leisure and entertainment use in the heart of Yangzhou City, including a cultural sightseeing area and a commercial district. The project, to be developed in two phases, has a total saleable area of approximately 81,200 square metres. Phase I including 12 blocks and 243 units was completed in 2010 and the property has been reserved for leasing, with a gross area of approximately 20,089 square metres. Planning of Phase II is currently under planning.

Haikou Project

The Group owns the "Zendai International Financial Centre," a project under development with a saleable area of approximately 56,136 square metres in Haikou City, Hainan Province. As at 31 December 2011, a total gross floor area of 38,538 square metres was sold at a total contract value of RMB733,941,000 (equivalent to HK$885,226,000). Within this area, transactions covering 19,111 square metres took place during the year, generating a total contract value of RMB426,224,000 (equivalent to HK$514,080,000). Of this, 36,047 square metres were delivered during the year and a total contract value of RMB700,375,000 (equivalent to HK$844,741,000) was recognised as turnover.

A Parcel of Land in Chenmai County, Hainan Province

The Group owns 60% interest in a parcel of land in Chenmai County, Hainan with a site area of 1,309,563 square metres. The land is intended to be developed into a leisure-oriented commercial and residential property, including hotels, villas and other related facilities. Related layouts and concrete design are currently on the drawing board.

"Zhongke Langfang Technology Valley" in Langfang City

The Group and Shan Shan Investment Holdings Co., Limited ("Shan Shan Investment") are co-developing the "Zhongke Langfang Technology Valley" ("Technology Valley") in Langfang City, Hebei Province. The project has a total site area of approximately 3,300,000 square metres, around 30% of which is to be used for development of commercial properties. The project, located in the hub of the Beijing Tianjin Hebei city circle, Bohai Rim, is intended to become a technology research and development centre modeled after Silicon Valley in the US. Construction of the infrastructure has been completed and it is now soliciting tenants. Among the Technology Valley anchor tenants are seven research centers under the Chinese Academy of Sciences in the Phase 1. The Group hopes to be able to leverage these strategic alliances to gain a foothold in the Bohai Rim to realise business opportunities and acquire a diverse business portfolio in the country.

Land Parcels in Nantong City, Jiangsu

The Group owns 50% equity of two parcels of land in Nantong City, Jiangsu Province, the PRC with a combined site area of 281,912 square metres.

Located in the southern part of Chongchuan District in Nantong City, Shanghai Zendai Real Estate Co., Ltd., wholly-owned subsidiary of the Company, is to assume a leading role in the management of a project to be developed into a prestigious large scale commercial area and residential community. Modeled after Shanghai Zendai Thumb Plaza with a total gross floor area of approximately 194,489 square metres, construction is to be divided into three phases. The first phase, with a total commercial area of approximately 39,157 square metres, has been completed in June 2011. Construction has started in the fourth quarter of 2010 of the second phase, a residential project with a total gross floor area of approximately 107,852 square metres with pre-sale commencing in December 2011. Expected to be completed in October 2012, a total salable area of 5,259 square metres with a contract value of RMB75,119,000 (equivalent to approximately HK$90,603,000) has been sold. The third phase, with a total gross floor area of approximately 47,480 square metres, comprises of a commercial area of approximately 34,300 square metres and a residential area of approximately 13,180 square metres, and is expected to start during 2013.

Residential Projects

Shanghai

Mandarin Palace

"Mandarin Palace", the Group's premium residential project in Shanghai, comprises 54 villas with a total saleable area of approximately 39,696 square metres. As at 31 December 2011, 47 villas have been sold, generating a total contract value of RMB1,637,845,000 (equivalent to approximately HK$1,975,449,000). During the year, one villa with a total saleable area of 604 square metres was delivered with a contract value of RMB66,500,000 (equivalent to HK$80,207,000) recorded in the year. The construction of the remaining seven villas is in progress, and they are expected to be on pre-sale in July 2012, and completed in December 2012.

Zendai Yuanshen Financial Building – Zendai Quantland

"Zendai Yuanshen Financial Building" is located in Pudong, Shanghai. The "Zendai Quantland" residential units in the building cover total residential and commercial saleable areas of approximately 22,100 square metres and 9,308 square metres respectively. As at 31 December 2011, a cumulative area of 31,316 square metres has been sold with approximately 800 square metres sold and delivered during the year, generating RMB35,564,000 (equivalent to HK$42,895,000) in turnover.

Other Cities

Valley International in Jilin

Occupying a 191,100 square metres site, to be developed in four phases, the total saleable area of the "Valley International"residential project is approximately 201,000 square metres. The first phase of the project, "楓林別墅" comprises 118 town houses and 11 villas with a saleable area of 39,252 square metres. As at 31 December 2011, a total saleable area of 39,252 square metres were sold, carrying a total contract value of RMB20,810,000 (equivalent to HK$25,100,000). Approximately 265 square metres were sold and delivered during the year, generating RMB1,645,000 (equivalent to HK$1,984,000) in turnover.

The second phase of the project will comprise four low-rise blocks and seven high-rise residential blocks, providing 503 residential units and ancillary commercial facilities, with a saleable area of approximately 82,189 square metres. Of this, 78,384 square metres will be for residential use and 3,805 square metres will be for commercial development. 11 buildings will be constructed, completed and delivered in three batches.

Construction of the first batch comprising four low-rise blocks with a saleable residential area of approximately 22,996 square metres was completed. All of the units have been sold and delivered in 2011.

The second batch comprises five high-rise blocks, with a saleable residential area of approximately 41,634 square metres. As at 31 December 2011, a total saleable area of 29,136 square metres was sold, with a total contract value of RMB160,577,000 (equivalent to HK$193,676,000). Of this, approximately 12,157 square metres was sold during the year, generating RMB74,369,000 (equivalent to HK$89,698,000) in contract value. During the year, an area of 18,122 square metres was delivered and a total contract value of RMB102,235,000 (equivalent to HK$123,308,000) was recognised as turnover.

The third batch comprises two high-rise blocks, with a saleable residential area of approximately 13,754 square metres. Pre-sale of the units has commenced in the second quarter of 2011. During the year, a saleable area of 4,394 square metres with a contract value of RMB30,165,000 (equivalent to HK$36,383,000) was sold. An area of 3,441 square metres was delivered and a contract value of RMB23,386,000 (equivalent to HK$28,206,000) was recognised as turnover during the year.

The third phase of the project is to provide 117 villas and town houses with a saleable area of approximately 44,500 square metres. Construction was completed in 2010. As at 31 December 2011, a total saleable area of 44,339 square metres was sold, carrying a total contract value of RMB245,028,000 (equivalent to HK$295,535,000). During the year, an area of approximately 2,397 square metres was delivered, generating RMB12,499,000 (equivalent to HK$15,075,0000) in contract value.

Specific planning is still under progress for phase four of the project which will be developed into villas with a saleable area of approximately 34,920 square metres.

"Zendai Ideal City" In Changchun

Located in Changchun, "Zendai Ideal City" is to comprise residential properties and ancillary commercial space on a 225,139 square metres site, with a total saleable area of 352,300 square metres. The project is to be constructed in five phases. The first phase has a total saleable area of approximately 112,000 square metres on an approximately 77,300 square metres site of which 106,300 square metres will be for residential use and 5,700 square metres will be for commercial use. It includes 23 multi-storey residential buildings and three high-rise residential buildings, offering a total of 1,210 units and related ancillary commercial facilities. As at 31 December 2011, all residential units in the first phase were sold and delivered. During the year, approximately 943 square metres was delivered and a contract value of RMB3,615,000 (equivalent to HK$4,360,000) was recognised as turnover.

The second phase of the project is planned to be developed into 19 multi-storey residential buildings, 10 high-rise residential buildings and ancillary commercial facilities, with a total saleable area of about 114,074 square metres. Of this, 102,371 square metres would be for residential use and 14,214 square metres for commercial use. Construction was completed in 2010. As at 31 December 2011, total residential and commercial saleable area of 101,737 square metres and 4,481 square metres were sold respectively, with total contract values of RMB400,106,000 (equivalent to HK$482,579,000) and RMB35,895,000 (equivalent to HK$43,294,000) respectively. During the year, the Group delivered an area of 6,537 square metres and a total contract value of RMB44,499,000 (equivalent to HK$53,671,000) was recognised as turnover.

The third phase of the project is to be developed into 16 multi-storey and 8 high rise residential complexes with retail shops and a total saleable area of about 124,787 square metres with the residential area and commercial space accounting for 111,972 square metres and 12,875 square metres respectively. Construction has commenced in May 2010, while pre-sale has started in late 2010. As at 31 December 2011, a total residential saleable area of 66,328 square metres, with a total contract value of RMB386,655,000 (equivalent to HK$466,355,000) was sold. During the year, a saleable area of 60,584 square metres was delivered and a contract value of RMB352,753,000 (equivalent to HK$425,465,000) was recognised as turnover.

"Zendai Garden-Riverside Town" in Haimen

The "Zendai Garden-Riverside Town" project in Haimen, Jiangsu Province comprises two parcels of land occupying a total site area of 1,388,872 square metres.

The first parcel covers 577,336 square metres and is to be developed into two parts. "Dong Zhou Mansion," the first part of the parcel, is being developed in three phases with Phase I offering 52 villas. The last block of the villas was sold during the year with a total saleable area of 304 square metres, generating RMB2,175,000 (equivalent to HK$2,623,000) in contract value. Phases II and III of the "Dong Zhou Mansion" are still in the planning stage.

"Multiflora Garden," on the second part of the parcel of land, is to be developed in three phases into an integrated residential area comprising low density town houses. Phases I and II contain 212 units with a saleable area of approximately 57,500 square metres. As at 31 December 2011, a total saleable area of 56,352 square metres were sold, generating a total contract value of RMB264,655,000 (equivalent to HK$319,208,000). During the year, the Group delivered five units totalling 1,215 square metres and recognised the total contract value of RMB5,014,000 (equivalent to HK$6,048,000) as turnover. Phase III of Multiflora Garden is to have a site area of approximately 112,190 square metres and a saleable area of approximately 91,979 square metres. Construction has been underway since early 2010 while pre-sale started in September 2010. As at 31 December 2011, a total saleable area of 37,330 square metres were sold, generating a total contract value of RMB244,150,000 (equivalent to HK$294,476,000). During the year, a total saleable area of approximately 27,059 square metres was sold, generating a total contract value of RMB182,540,000 (equivalent to HK$220,166,000). The Group delivered an area of 7,216 square metres during the year and a contract value of RMB44,825,000 (equivalent to HK$54,065,000) was recognised as turnover.

The second parcel with an area of approximately 811,536 square metres is to be developed into residential properties in phases. The construction of the first phase, "清華園生態花園洋房", covering site area of approximately 42,070 square metres with a saleable area of approximately 63,886 square metres, was completed in 2010. As at 31 December 2011, a cumulative area of 40,221 square metres was sold, generating a total contract value of RMB183,598,000 (equivalent to HK$221,443,000). Of this, 24,647 square metres were sold during the year, generating RMB118,557,000 (equivalent to HK$142,995,000) in contract value. During the year under review, an area of 20,979 square metres has been delivered and a total contract value of RMB97,449,000 (equivalent to HK$117,536,000) was recognised as turnover. Other aspects of development are currently under planning.

The Phase II of 清華園 (now named as 水清木華園二期, with an site area of approximately 148,059 square metres is to be developed into small high-rise residential properties with a saleable area of approximately 244,787 square metres in two phases. The first phase, with a saleable area of approximately 87,346 square metres, started construction in May 2010 and the pre-sale in December 2011. As at 31 December 2011, a cumulative area of 263 square metres was sold, generating a total contract value of RMB1,214,000 (equivalent to HK$1,464,000) and is expected to be delivered in the second quarter of 2013. Other aspects of development are currently under planning.

Chengdu "山水琨玉"

The Group completed construction of a multi-storey residential project with ancillary commercial facilities in Chengdu, Sichuan Province, with a total saleable area of 33,002 square metres in 2010. As at the first half of 2011, the units were all sold out. An area of 4,064 square metres was delivered and a total contract value of RMB44,511,000 (equivalent to HK$53,686,000) was recognised as turnover in the year.

Land Parcels in Inner Mongolia Autonomous Region

The Group owns two parcels of land in Dongsheng Kangbashi New Area, Ordos City, Inner Mongolia Autonomous Region, the PRC, with a total site area of 248,118 square metres which it intends to develop into villas with a planned saleable area of 122,890 square metres. Construction has commenced in March 2011 and the pre-sale is expected to begin in the third quarter of 2012. It is expected to be completed and delivered by 2013.

Huzhou in Zhejiang Province

The Group's parcel of land with an area of approximately 59,935 square metres in Huzhou, Zhejiang Province was sold in June 2011. The total consideration of HK$263,011,000 was earmarked for the Group's acquisition of real estate projects in future.

Prospects

Looking to the year ahead, the policies of the Central Government policies to cool the overheated property market including restrictions on property purchase, property taxes and tightened mortgages are expected to have an impact on the market. These factors plus the Government's construction of subsidised affordable housing have already begun to suppress the demand for speculative property purchase, and would create pressure on the overall property prices. Thus the Group maintains a prudent attitude towards the property market in 2012. However, continued rapid urbanisation in the PRC has created ongoing demand, and the improving living standards have spurred urban residents to pursue high quality property. Therefore, the Group remains optimistic about the long-term development of the property market in the PRC.

Shanghai Zendai will adhere to a sound and proactive approach to developing its property portfolio. The Group will consolidate its business foundation by enhancing internal management and retaining sufficient capital to support future development so as to prepare to take maximum advantage of opportunities when the property market in the PRC starts to recover. On the other hand, the Group will adjust its portfolio structure to improve design of individual projects and boost its marketing activities as well as strengthen its presence across the nation. In addition, as the Government initiates policy permitting Chinese enterprises begin channeling investments overseas, the Group is evaluating and adjusting its development strategy to seek strategic opportunities to develop properties and other quality projects overseas and optimally utilise its capital to generate reasonable returns to its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The turnover and profit for the year were mainly attributable to sales and delivery of office units of Wu Dao Kou Financial Centre in Shanghai and Zendai International Financial Centre in Hainan Province and residential units in, Changchung, Jilin, Haimen and revaluation gain of investment properties. The Group continued to offer both residential and commercial properties for sale. For commercial projects, they were office premises, in, Zendai International Financial Centre. In respect of residential projects, they were apartments, villas and detached houses in Haimen, Jilin, Changchun, Qingdao and Zhujiajiao Town (Qingpu District, Shanghai).

Liquidity, Financial Resources, Capital Structure and Gearing

As at 31 December 2011 the Group had a healthy financial position with net assets increased from approximately HK$5,127 million in 2010 to approximately HK$5,813 million. Net current assets amounted to approximately HK$3,834 million (2010: approximately HK$5,471 million) with current ratio of approximately 1.20 times (2010: 1.43 times). The Group adopted relatively prudent financial policy and closely monitored its cash flow. As at 31 December 2011, the Group had consolidated bank loans of approximately HK$2,561 million in which HK$755 million was repayable within one year and HK$1,806 million was repayable more than one year. As at 31 December 2011, the Group's bank balances and cash are approximately HK$1,113 million. The gearing ratio of the Group decreased from 0.96 times in 2010 to 0.67 times in 2011 (basis: total of amounts due to related companies, bank loans, notes payable and other borrowings divided by Shareholders' funds).

Segment Information

Sales of Properties

The turnover of this segment for the year amounted to HK$2,391,143,000 (2010: HK$3,612,066,000) decreased substantially due to less properties were delivered.

Travel and Related Business

The turnover of this segment for the year reached approximately HK$12,692,000 (2010: HK$12,038,000).

Property Rental, Management and Agency Services

The turnover of this segment for the year was approximately HK$240,837,000 (2010: HK$181,964,000). The increase was due to more properties were managed by the Group.

Hotel Operations

The turnover of this segment for the year was HK$151,624,000 (2010: HK$153,023,000) which remained stable.

Foreign Currency Exposures

The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. The Group undertakes certain transactions denominated in currencies other than RMB, hence exposures to exchange rate fluctuations arise. The Group's cash and cash equivalents and senior loan notes also expose to such foreign currency risk. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

Employees

As at 31 December 2011, the Group employed approximately 1,450 employees (2010: 1,300 employees) in Hong Kong and the PRC. They were remunerated according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, insurance and medical insurance and share option scheme.

Major Disposal of Assets

During the year, the Group disposed of all the issued share capital of 上海証大外灘國際金融服務中心置業有限公司 (Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited) ("Shanghai Zendai Bund") and 上海証大五道口房地產開發有限公司 (Shanghai Zendai Wudaokou Property Company Limited) ("Shanghai Zendai Wudaokou") for total considerations of RMB9,570,000,000 and RMB2,960,000,000 in October and December 2011 respectively. When these transactions are completed, the Group would no longer has any interests in the land parcel of 外灘國際金融中心(8-1)) (the Land Parcel) which the Group acquired for a total consideration of RMB9,220,000,000 in February 2010. For details of the disposal of Shanghai Zendai Bund and Shanghai Zendai Wudaokou, please refer to the Company's announcements dated 2 November 2011 and 5 January 2012 respectively.

Charge on Assets

As at 31 December 2011, the Group's property, plant and equipment, payment for leasehold land held for own use under operating leases, investment properties, properties under development and for sales and pledged bank deposits of approximately HK$372,372,000, HK$642,794,000, HK$2,226,027,000, HK$2,344,002,000 and HK$224,749,000 respectively had been pledged to banks to secure bank loans granted to the Group.

Furthermore, as at 31 December 2011, the Group also pledged its entire interest in 上海証大喜瑪拉雅置業有限公司 and 10% interest in 上海海之門房地產投資管理有限公司, being associates of the Group with carrying amounts of HK$418,598,000 and HK$122,369,000 respectively, and a subsidiary, 上海証大西鎮房地產開發有限公司 with properties under development and for sales with carrying amount of HK$735,497,000) for other financing arrangements of the Group.

CORPORATE GOVERNANCE

The Company has adopted the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "Code") as its own code of corporate governance and has taken careful measures to ensure that the provisions have been duly complied with from time to time. The Directors are of the opinion that the Company has met the code provisions in the Code during the year. The Company's annual results for the year ended 31 December 2011 has been reviewed by the audit committee of the Company.

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

During the year, the Company purchased 28,095,000 of its own shares for cancellation. Except for the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

On behalf of the board of
Shanghai Zendai Property Limited
Dai Zhikang
Chairman

Hong Kong, 29 March 2012

As at the date of this announcement, the executive Directors are Mr. Dai Zhikang, Mr. Wang Fujie, Mr. Zhu Nansong, Mr. ZuoXingping, Ms. Zhou Yan and Mr. Tang Jian. The non-executive Directors are Mr. Wu Yang, Mr. Mr. Zhou Chun, Mr. Dong Wenliang and Mr. Liu Zhiwei. The independent non-executive Directors are Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon.