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合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

website: <http://www.irasia.com/listco/hk/hopson>

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2011

FINANCIAL HIGHLIGHTS

(for the year ended 31st December 2011)

- **Turnover was HK\$8,008 million.**
- **Profit attributable to shareholders was HK\$1,430 million. Excluding the net of tax effect of investment properties revaluation, profit attributable to shareholders amounted to HK\$1,349 million.**
- **Basic earnings per share were HK\$0.82 per share.**

BUSINESS REVIEW

Industry Overview

- 2011 was the commencement year of the “Twelfth Five-Year Plan” of China and achieved a steady and continuous macro-economic growth. The national GDP of 2011 was RMB47,156.4 billion, up 9.2 % as compared to that of the last year.

* For identification purposes only

- The Central Government continued to uphold its principle of austerity, which was aimed at “suppressing the overheating of housing price and ensuring a healthy development of the real estate industry”. The measures had effectively curbed the speculative demand, dampened the growth of the housing price, and preliminarily alleviated the imbalance between demand and supply in the market.
- Although such measures brought a significant effect on the market and enterprises, in the long run, such policies will create favorable conditions to speed up the integration of the industry and further increase the level of market concentration so as to promote a healthy, orderly and standardized development of the real estate industry.

Contracted sales performance

Details of properties sold under sale and pre-sale contracts in 2011 totalling RMB9,944 million (2010: RMB11,037 million) are as follows:

- In Guangzhou, a total GFA of 162,555 square metres (2010: 179,662 square metres) with a carrying value of RMB2,291 million (2010: RMB1,947 million) was sold. The increase in sale volume was mainly due to the commencement of sale of Hopson Regal International and Hopson Plaza, which were well received by the market.
- In Huizhou, a total GFA of 209,396 square metres (2010: 139,236 square metres) with a carrying value of RMB1,817 million (2010: RMB1,074 million) was sold. The increase in sale was attributable to the larger supply of saleable units and the higher average selling price.
- In Shanghai, a total GFA of 170,052 square metres (2010: 189,956 square metres) with a carrying value of RMB2,527 million (2010: RMB3,520 million) was sold. The drop in sales was due to the limited supply of saleable properties.
- In Beijing and Tianjin, a total GFA of 116,155 square metres (2010: 194,859 square metres), of which 112,441 square metres (2010: 186,003 square metres) were attributable to the Group, with a carrying value of RMB3,309 million (2010: RMB4,496 million) was sold. The decrease in sales was mainly due to the less supply of saleable unites and apartments.

Properties sold but not yet delivered

As at 31st December 2011, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 820,270 square metres (2010: 553,390 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$9,679 million will be recognised as revenues in the Group’s financial statements in 2012 and thereafter.

Delivery of properties

A total GFA of 391,277 square metres (2010: 766,030 square metres) was delivered in 2011.

Project development progress

- A total GFA of 611,569 square metres (2010: 1,366,079 square meters) was completed during the year 2011.
- It is expected that a total GFA of 1,571,005 square metres will be completed in 2012.

Landbank and land replenishment

As of 31st December 2011, the Group had a landbank of 31.91 million square metres.

During 2011, the Group entered into several land transfer contracts in Beijing, Tianjin and Jiangsu involving a total gross floor area of approximately 1,686,744 square metres.

Prospects

- As the domestic macro-economy in the mainland will tend to maintain a steady growth, the Central Government will continue to introduce proactive fiscal policy and prudent monetary policy.
- In 2012, the austerity measures will further be implemented on the real estate industry and the government will continue to curb the speculative demand in the industry, in order to adjust the housing prices to a reasonable level.
- In general, there is a stable economic upturn environment where the implementation of austerity policy is still a normal practice. These are solid foundations for the real estate industry to develop in a sustainable, healthy, and orderly way.
- By means of the real estate industry's strong linkage with other different industries, the positive effect on the long term macroeconomic development of China will not be altered. Therefore, the Group remains prudently optimistic about the future development of the China real estate industry.

The Board of Directors (the "Board") of Hopson Development Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2011 together with the comparative figures for the corresponding previous year.

The 2011 financial statements of the Company have been reviewed by the Company's audit committee and the Board.

CONSOLIDATED INCOME STATEMENT

	Note	2011 HK\$'000	2010 HK\$'000
Revenues	4	8,007,537	14,379,253
Cost of sales	6	<u>(4,329,161)</u>	<u>(8,692,021)</u>
Gross profit		3,678,376	5,687,232
Fair value gains on investment properties		107,397	3,795,624
Other income/gains, net	5	99,732	1,124,053
Selling and marketing expenses	6	(466,549)	(410,225)
General and administrative expenses	6	<u>(1,009,398)</u>	<u>(1,117,712)</u>
Operating profit		2,409,558	9,078,972
Finance income	7	29,098	17,039
Finance costs	7	(238,539)	(253,307)
Share of profit less loss of associates		351	1,071
Share of loss of jointly controlled entities		<u>(3,284)</u>	<u>(666)</u>
Profit before taxation		2,197,184	8,843,109
Taxation	8	<u>(788,773)</u>	<u>(2,550,097)</u>
Profit for the year		<u>1,408,411</u>	<u>6,293,012</u>
Attributable to:			
Equity holders of the Company		1,430,031	5,889,412
Non-controlling interests		<u>(21,620)</u>	<u>403,600</u>
		<u>1,408,411</u>	<u>6,293,012</u>
Earnings per share for profit attributable to equity holders of the Company during the year (in HK\$ per share)			
— basic	9	<u>0.82</u>	<u>3.43</u>
— diluted	9	<u>0.82</u>	<u>3.42</u>
Dividends	10	<u>—</u>	<u>300,531</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Profit for the year	<u>1,408,411</u>	<u>6,293,012</u>
Other comprehensive income		
Fair value (loss)/gain on available-for-sale financial assets	(40,645)	542,775
Assets revaluation reserve realised upon disposal of properties held for sale	(26,684)	(86,447)
Deferred tax	2,156	24,880
Currency translation differences	<u>2,044,172</u>	<u>1,302,553</u>
Other comprehensive income for the year, net of tax	<u>1,978,999</u>	<u>1,783,761</u>
Total comprehensive income for the year	<u>3,387,410</u>	<u>8,076,773</u>
Total comprehensive income attributable to:		
Equity holders of the Company	3,268,207	7,586,266
Non-controlling interests	<u>119,203</u>	<u>490,507</u>
	<u>3,387,410</u>	<u>8,076,773</u>

CONSOLIDATED BALANCE SHEET

	Note	As at 31st December	
		2011	2010
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Land costs		714,967	622,193
Prepayments for acquisition of land		131,221	209,795
Properties and equipment		3,264,839	3,199,845
Investment properties		16,637,473	15,405,498
Intangible assets		41,245	124,837
Investments in associates		151,685	43,433
Investments in jointly controlled entities		1,753,004	1,512,923
Available-for-sale financial assets		5,203,335	3,316,388
Deposit for proposed investment		—	560,210
Deferred tax assets		220,240	167,541
		<u>28,118,009</u>	<u>25,162,663</u>
Current assets			
Prepayments for acquisition of land		13,508,836	18,053,335
Properties under development for sale		49,064,535	31,967,756
Completed properties for sale		11,640,241	10,487,033
Financial assets at fair value through profit or loss		11,456	11,693
Accounts receivable	11	232,940	171,953
Prepayments, deposits and other current assets		3,634,376	2,565,026
Due from associates		31,890	30,382
Due from related companies		6,188	13,644
Pledged/charged bank deposits		1,030,093	123,671
Cash and cash equivalents		2,618,161	2,573,604
		<u>81,778,716</u>	<u>65,998,097</u>
Total assets		<u>109,896,725</u>	<u>91,160,760</u>

		As at 31st December	
		2011	2010
	Note	HK\$'000	HK\$'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		173,600	175,237
Reserves	14	<u>40,910,852</u>	<u>38,011,918</u>
		41,084,452	38,187,155
Non-controlling interests		<u>2,981,657</u>	<u>2,805,944</u>
Total equity		<u>44,066,109</u>	<u>40,993,099</u>
LIABILITIES			
Non-current liabilities			
Land cost payable		81,481	111,178
Borrowings	12	21,718,581	20,047,524
Due to minority shareholders of subsidiaries		439,841	432,323
Deferred tax liabilities		<u>5,816,801</u>	<u>5,551,128</u>
		<u>28,056,704</u>	<u>26,142,153</u>
Current liabilities			
Accounts payable	13	5,120,006	5,645,612
Land cost payable		602,612	264,271
Borrowings	12	13,629,307	3,671,919
Deferred revenue		9,679,048	5,544,615
Accruals and other payables		2,962,465	2,196,200
Due to an associate		6,808	6,486
Due to related companies		81,704	344,057
Due to a jointly controlled entity		1,574,135	1,709,345
Current tax liabilities		<u>4,117,827</u>	<u>4,643,003</u>
		<u>37,773,912</u>	<u>24,025,508</u>
Total liabilities		<u>65,830,616</u>	<u>50,167,661</u>
Total equity and liabilities		<u>109,896,725</u>	<u>91,160,760</u>
Net current assets		<u>44,004,804</u>	<u>41,972,589</u>
Total assets less current liabilities		<u>72,122,813</u>	<u>67,135,252</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company		Non-controlling	Total
	Share capital HK\$'000	Reserves HK\$'000	interests HK\$'000	
Balance at 1st January 2011	<u>175,237</u>	<u>38,011,918</u>	<u>2,805,944</u>	<u>40,993,099</u>
Profit for the year	<u>—</u>	<u>1,430,031</u>	<u>(21,620)</u>	<u>1,408,411</u>
Other comprehensive income:				
Fair value loss on available-for-sale financial assets	<u>—</u>	<u>(40,645)</u>	<u>—</u>	<u>(40,645)</u>
Assets revaluation reserve realised upon disposal of properties held for sale	<u>—</u>	<u>(26,684)</u>	<u>—</u>	<u>(26,684)</u>
Deferred tax	<u>—</u>	<u>2,156</u>	<u>—</u>	<u>2,156</u>
Currency translation differences	<u>—</u>	<u>1,903,349</u>	<u>140,823</u>	<u>2,044,172</u>
Other comprehensive income for the year, net of tax	<u>—</u>	<u>1,838,176</u>	<u>140,823</u>	<u>1,978,999</u>
Total comprehensive income for the year	<u>—</u>	<u>3,268,207</u>	<u>119,203</u>	<u>3,387,410</u>
Transactions with owners:				
Acquisition of equity interests of a subsidiary	<u>—</u>	<u>—</u>	<u>56,510</u>	<u>56,510</u>
Dividends paid	<u>—</u>	<u>(300,531)</u>	<u>—</u>	<u>(300,531)</u>
Repurchase of own shares	<u>(1,637)</u>	<u>(68,742)</u>	<u>—</u>	<u>(70,379)</u>
	<u>(1,637)</u>	<u>(369,273)</u>	<u>56,510</u>	<u>(314,400)</u>
Balance at 31st December 2011	<u>173,600</u>	<u>40,910,852</u>	<u>2,981,657</u>	<u>44,066,109</u>

	Attributable to equity holders of the Company		Non- controlling	Total
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	interests <i>HK\$'000</i>	
Balance at 1st January 2010	<u>159,237</u>	<u>28,034,506</u>	<u>2,305,733</u>	<u>30,499,476</u>
Profit for the year	<u>—</u>	<u>5,889,412</u>	<u>403,600</u>	<u>6,293,012</u>
Other comprehensive income:				
Fair value gain on available-for-sale financial assets	—	542,775	—	542,775
Assets revaluation reserve realised upon disposal of properties held for sale	—	(86,447)	—	(86,447)
Deferred tax	—	24,880	—	24,880
Currency translation differences	<u>—</u>	<u>1,215,646</u>	<u>86,907</u>	<u>1,302,553</u>
Other comprehensive income for the year, net of tax	<u>—</u>	<u>1,696,854</u>	<u>86,907</u>	<u>1,783,761</u>
Total comprehensive income for the year	<u>—</u>	<u>7,586,266</u>	<u>490,507</u>	<u>8,076,773</u>
Transactions with owners:				
Proceeds from issue of shares —				
Placements	18,546	2,692,900	—	2,711,446
Repurchase of own shares	(2,546)	(267,752)	—	(270,298)
Acquisition of additional equity interests of a subsidiary	—	(34,002)	(6,931)	(40,933)
Capital contribution by non- controlling interests	<u>—</u>	<u>—</u>	<u>16,635</u>	<u>16,635</u>
	<u>16,000</u>	<u>2,391,146</u>	<u>9,704</u>	<u>2,416,850</u>
Balance at 31st December 2010	<u>175,237</u>	<u>38,011,918</u>	<u>2,805,944</u>	<u>40,993,099</u>

Notes:

(1) GENERAL INFORMATION

Hopson Development Holdings Limited (“the Company”) and its subsidiaries (together “the Group”) are mainly engaged in the development of residential properties in Mainland China. The Group is also involved in property investment, hotel operations and property management.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements have been approved for issue by the Board of Directors on 30th March 2012.

(2) BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value.

(3) ACCOUNTING POLICIES

In 2011, the Group adopted the following new or revised standards, amendments and interpretations of HKFRS, which are effective for accounting periods beginning on or after 1st January 2011 and relevant to the Group’s operations.

HKAS 24 (Revised)	Related Party Disclosure
HKAS 32 Amendment	Financial Instruments: Presentation - Classification of Rights Issues

Annual improvements to HKFRS published in May 2010

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKFRS 3 Amendment	Business Combinations
HKFRS 7 Amendment	Financial Instruments: Disclosures

The Group has assessed the impact of the adoption of these new or revised standards, amendments and interpretations and considered that there was no significant impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies.

Standards, interpretations and amendments to existing standards that are relevant but not yet effective

New or revised standards, interpretations and amendments		Effective for accounting periods beginning on or after
HKFRS 7 Amendment	Disclosures — Transfers of Financial Assets	1st July 2011
HKFRS 7 Amendment	Disclosures — Offsetting Financial Assets and Financial Liabilities	1st January 2013
HKAS 1 Amendment	Presentation of Financial Statements	1st July 2012
HKAS 12 Amendment	Deferred Tax: Recovery of Underlying Assets	1st January 2012
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKAS 19 (2011)	Employee Benefits	1st January 2013
HKAS 27 (2011)	Separate Financial Statements	1st January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1st January 2013
HKFRS 9	Financial Instruments	1st January 2015
HKFRS 10	Consolidated Financial Statements	1st January 2013
HKFRS 11	Joint Arrangements	1st January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1st January 2013
HKFRS 13	Fair Value Measurement	1st January 2013

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which are relevant to the Group's operation and will give rise to changes in accounting policies, disclosures or measurement of certain items in the financial statements. However, the Group is not yet in a position to ascertain their impact on its results and financial position.

(4) SEGMENT INFORMATION

The chief operating decision maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from both a business and geographic perspective. Reportable business segments identified are property development, property investment, hotel operations and property management. Geographically, the Executive Directors consider that the reportable business segments can be further segregated into three main geographical areas, namely Southern China (SC) (including Guangzhou, Huizhou, Zhongshan and Hong Kong), Northern China (NC) (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) and Eastern China (EC) (including Shanghai, Hangzhou and Ningbo).

The Executive Directors assess the performance of the operating segments based on a measure of adjusted segment results. Corporate expense, finance income and finance costs are not included in the results for each operating segment that is reviewed by the Executive Directors.

Segment assets consist primarily of properties and equipment, investment properties, investments in jointly controlled entities, prepayments for acquisition of land, properties under development for sale, completed properties for sale, prepayments, deposits and other current assets and cash and cash equivalents. They exclude available-for-sale financial assets and deposit for proposed investment which are managed on a central basis, and deferred tax assets. These are part of the reconciliation to total balance sheet assets.

Segment results by business lines and geographical areas

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated income statement.

Revenues comprise turnover which included gross proceeds from sale of properties, revenue from rental and hotel operation, and property management income.

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Sales of properties	7,170,325	13,696,356
Property management income	490,115	410,634
Income from hotel operation	199,444	179,792
Rental income		
— Investment properties	41,712	98
— Others	<u>105,941</u>	<u>92,373</u>
	<u>8,007,537</u>	<u>14,379,253</u>

The segment results by business lines and by geographical areas for the year ended 31st December 2011 are as follows:

	Property development			Property investment			Hotel operations		Property management	Group
	SC	EC	NC	SC	EC	NC	SC	NC		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31st December 2011										
Total revenues	2,651,026	1,921,790	3,118,211	20,189	21,523	—	34,628	164,816	497,346	8,429,529
Inter-segment revenues	<u>(358,641)</u>	<u>—</u>	<u>(56,120)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7,231)</u>	<u>(421,992)</u>
Revenues	<u>2,292,385</u>	<u>1,921,790</u>	<u>3,062,091</u>	<u>20,189</u>	<u>21,523</u>	<u>—</u>	<u>34,628</u>	<u>164,816</u>	<u>490,115</u>	<u>8,007,537</u>
Adjusted segment results	<u>449,270</u>	<u>901,509</u>	<u>835,850</u>	<u>58,694</u>	<u>3,747</u>	<u>10,536</u>	<u>9,969</u>	<u>(164,997)</u>	<u>18,796</u>	<u>2,123,374</u>
Depreciation	(8,622)	(2,787)	(7,867)	(152)	(125)	—	(7,126)	(117,789)	(2,091)	(146,559)
Amortisation	—	—	—	—	—	—	(3,128)	(3,394)	—	(6,522)
Fair value gains on investment properties	—	—	—	82,382	4,828	20,187	—	—	—	107,397
Share of profit less loss of associates	296	—	55	—	—	—	—	—	—	351
Share of loss of jointly controlled entities	<u>—</u>	<u>—</u>	<u>(3,284)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,284)</u>

The segment results by business lines and by geographical areas for the year ended 31st December 2010 are as follows:

	Property development			Property investment			Hotel operations		Property management	Group
	SC	EC	NC	SC	EC	NC	SC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31st December 2010										
Total revenues	5,052,562	2,885,163	6,075,622	98	—	—	31,693	240,515	411,347	14,697,000
Inter-segment revenues	(183,519)	—	(41,099)	—	—	—	—	(92,416)	(713)	(317,747)
Revenues	<u>4,869,043</u>	<u>2,885,163</u>	<u>6,034,523</u>	<u>98</u>	<u>—</u>	<u>—</u>	<u>31,693</u>	<u>148,099</u>	<u>410,634</u>	<u>14,379,253</u>
Adjusted segment results	<u>1,891,116</u>	<u>962,895</u>	<u>2,516,914</u>	<u>1,687,466</u>	<u>1,579,726</u>	<u>514,979</u>	<u>13,187</u>	<u>(153,779)</u>	<u>28,968</u>	<u>9,041,472</u>
Depreciation	(8,336)	(2,057)	(6,850)	(178)	(118)	—	(6,750)	(92,813)	(1,820)	(118,922)
Amortisation	—	—	—	—	—	—	(2,691)	(3,154)	—	(5,845)
Fair value gains on investment properties	—	—	—	1,694,803	1,584,659	516,162	—	—	—	3,795,624
Share of profit less loss of associates	1,258	—	(187)	—	—	—	—	—	—	1,071
Share of loss of a jointly controlled entity	<u>—</u>	<u>—</u>	<u>(666)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(666)</u>

The segment assets by business lines and by geographical areas as at 31st December 2011 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31st December 2011	<u>31,692,887</u>	<u>18,324,211</u>	<u>33,518,088</u>	<u>5,370,445</u>	<u>10,491,960</u>	<u>1,119,520</u>	<u>931,398</u>	<u>87,427</u>	<u>2,776,352</u>	<u>160,862</u>	<u>104,473,150</u>
Segment assets include:											
Investments in associates	2,339	—	149,346	—	—	—	—	—	—	—	151,685
Investments in jointly controlled entities	168,373	—	1,584,631	—	—	—	—	—	—	—	1,753,004
For the year ended 31st December 2011											
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>172,753</u>	<u>6,517</u>	<u>114,890</u>	<u>165,399</u>	<u>645,137</u>	<u>19,537</u>	<u>29,234</u>	<u>57,226</u>	<u>17,459</u>	<u>4,280</u>	<u>1,232,432</u>

The segment assets by business lines and by geographical areas as at 31st December 2010 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31st December 2010	<u>25,831,989</u>	<u>13,098,329</u>	<u>28,798,138</u>	<u>5,192,093</u>	<u>9,207,410</u>	<u>1,027,794</u>	<u>525,512</u>	<u>28,624</u>	<u>2,828,796</u>	<u>577,936</u>	<u>87,116,621</u>
Segment assets include:											
Investments in associates	1,939	—	41,494	—	—	—	—	—	—	—	43,433
Investment in a jointly controlled entity	—	—	1,512,923	—	—	—	—	—	—	—	1,512,923
For the year ended 31st December 2010											
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>15,122</u>	<u>2,527</u>	<u>21,244</u>	<u>134,721</u>	<u>270,042</u>	<u>69,309</u>	<u>6,179</u>	<u>17,662</u>	<u>208,015</u>	<u>394</u>	<u>745,215</u>

Reconciliation of reportable segment profit from operations to profit before taxation is as follows:

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment profit from operations	2,123,374	9,041,472
Dividend income from available-for-sale financial assets	68,184	14,910
Unallocated corporate income, net	215,067	22,995
Finance income	29,098	17,039
Finance costs	(238,539)	(253,307)
	<u>2,197,184</u>	<u>8,843,109</u>

Reconciliation of reportable segment assets to total assets are:

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total segment assets	104,473,150	87,116,621
Available-for-sale financial assets	5,203,335	3,316,388
Deposit for proposed investment	—	560,210
Deferred tax assets	220,240	167,541
	<u>109,896,725</u>	<u>91,160,760</u>

The Group primarily operates in Mainland China. All revenues for the year ended 31st December 2011 and 2010 are from Mainland China.

As at 31st December 2011 and 2010, all non-current assets, other than financial instruments and deferred tax assets are located in Mainland China.

(5) OTHER INCOME/GAINS, NET

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain on disposal of subsidiaries	—	958,217
Dividend income	68,843	15,292
Government grants	31,161	149,943
Fair value (loss)/gain on financial assets at fair value through profit or loss	(272)	601
	<u>99,732</u>	<u>1,124,053</u>

(6) EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and general and administrative expenses are analysed as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Advertising costs	314,768	242,174
Amortisation of land costs	6,522	5,845
Auditor's remuneration	5,500	5,280
Cost of completed properties sold	3,751,401	8,210,779
Depreciation of properties and equipment	146,559	118,922
Direct operating expenses arising from investment properties that		
— generate rental income	25,688	5,489
— did not generate rental income	144	2,531
Employees' benefits costs (including Directors' emoluments)	620,413	445,466
Loss on disposal of properties and equipment	492	1,836
Net exchange gain (included in general and administrative expenses)	(262,032)	(82,612)
Operating lease rental in respect of premises	<u>40,586</u>	<u>30,975</u>

(7) FINANCE INCOME AND COSTS

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interest expense:		
— on loans from banks and financial institutions wholly repayable within five years	1,808,043	989,928
— on loans from banks and financial institutions not wholly repayable within five years	69,376	38,685
— on senior notes wholly repayable within five years	496,992	234,864
— on convertible bonds wholly repayable within five years	<u>—</u>	<u>4,852</u>
Total borrowing costs incurred	2,374,411	1,268,329
Less: Amount capitalised as part of the cost of properties under development	<u>(2,135,872)</u>	<u>(1,015,022)</u>
	238,539	253,307
Interest income from banks	<u>(29,098)</u>	<u>(17,039)</u>
Net finance costs	<u>209,441</u>	<u>236,268</u>

The average interest rate of borrowing costs capitalised for the year ended 31st December 2011 was approximately 8.2% (2010: 5.9%) per annum.

(8) TAXATION

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Taxation consists of:		
Current tax		
Hong Kong profits tax	2,341	(1,599)
Mainland China corporate income tax	526,845	1,034,209
Mainland China land appreciation tax	<u>303,392</u>	<u>591,446</u>
	-----832,578-----	-----1,624,056-----
Deferred tax		
Mainland China corporate income tax	(29,525)	957,124
Mainland China land appreciation tax	<u>(14,280)</u>	<u>(31,083)</u>
	----- (43,805) -----	----- 926,041 -----
Taxation	<u><u>788,773</u></u>	<u><u>2,550,097</u></u>

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the year. Subsidiaries established and operated in Mainland China are subject to Mainland China corporate income tax at the rate of 25% (2010: 25%) for the year ended 31st December 2011. Mainland China 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 costs of land and development and construction expenditures.

(9) EARNINGS PER SHARE

Basic

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

	2011	2010
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	1,430,031	5,889,412
Weighted average number of ordinary shares in issue (<i>'000</i>)	1,748,096	1,717,330
Basic earnings per share (<i>HK\$ per share</i>)	<u><u>0.82</u></u>	<u><u>3.43</u></u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There was no dilutive potential ordinary shares for the year ended 31st December 2011. For the year ended 31st December 2010, the convertible bonds were assumed to have been converted into ordinary shares, and the net profit was adjusted to eliminate the interest expense less the related tax effect. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the conversion of convertible bonds.

	2011	2010
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	1,430,031	5,889,412
Interest expense on convertible bonds (net of tax) (<i>HK\$'000</i>)	<u>—</u>	<u>3,760</u>
Profit for calculation of diluted earnings per share (<i>HK\$'000</i>)	<u>1,430,031</u>	<u>5,893,172</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	1,748,096	1,717,330
Adjustments for shares to be issued on conversion of convertible bonds (<i>'000</i>)	<u>—</u>	<u>5,357</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>'000</i>)	<u>1,748,096</u>	<u>1,722,687</u>
Diluted earnings per share (<i>HK\$ per share</i>)	<u>0.82</u>	<u>3.42</u>

(10) DIVIDENDS

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend paid of nil (2010: nil) per ordinary share	—	—
Proposed final dividend of nil (2010: HK\$0.1715) per ordinary share	<u>—</u>	<u>300,531</u>
	<u>—</u>	<u>300,531</u>

(11) ACCOUNTS RECEIVABLE

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance on a monthly basis.

The ageing analysis of accounts receivable is as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
0 to 3 months	72,889	58,501
3 to 6 months	13,836	7,458
6 to 9 months	7,359	8,871
9 to 12 months	8,817	9,128
Over 12 months	<u>130,039</u>	<u>87,995</u>
	<u><u>232,940</u></u>	<u><u>171,953</u></u>

Accounts receivable is denominated in Renminbi. Carrying values of accounts receivable approximate their fair values.

As at 31st December 2011, approximately 11% (2010: 14%) of the accounts receivable was due from one (2010: one) customer. Other than this, there is no concentration of credit risk with respect to accounts receivable as the Group has a large number of customers.

(12) BORROWINGS

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Non-current		
Bank and financial institution borrowings	19,428,479	17,349,948
Senior notes	<u>2,290,102</u>	<u>2,697,576</u>
	<u><u>21,718,581</u></u>	<u><u>20,047,524</u></u>
Current		
Bank and financial institution borrowings	10,922,188	3,671,919
Senior notes	<u>2,707,119</u>	<u>—</u>
	<u><u>13,629,307</u></u>	<u><u>3,671,919</u></u>
Total borrowings	<u><u>35,347,888</u></u>	<u><u>23,719,443</u></u>

Notes:

- (a) In November 2005, the Company issued 8.125% senior notes with an aggregate nominal value of US\$350,000,000 (equivalent to approximately HK\$2,730,000,000), for a total consideration of approximately HK\$2,733,182,000. The senior notes mature in seven years (November 2012) and are repayable at their nominal value of US\$350,000,000. The Company will be entitled at its option to redeem all or a portion of the senior notes on and after 9th November 2009 at the redemption prices specified in the offering circular, plus accrued and unpaid interest to the redemption date.
- (b) On 21st January 2011, the Company issued 11.75% senior notes with an aggregate nominal value of US\$300,000,000 (equivalent to approximately HK\$2,340,000,000), for a total consideration of approximately HK\$2,340,000,000. The senior notes mature in five years (January 2016) and are repayable at their nominal value of US\$300,000,000. The Company will be entitled at its option to redeem all or a portion of the senior notes on or after 21st January 2014 at the redemption prices specified in the offering circular, plus accrued and unpaid interests to the redemption date.

(13) ACCOUNTS PAYABLE

The ageing analysis of accounts payable (including amounts due to related companies of trading nature) is as follows:

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–3 months	<u>5,120,006</u>	<u>5,645,612</u>

As at 31st December 2011, approximately HK\$2,516,006,000 (2010: HK\$2,534,380,000) of accounts payable were due to subsidiaries of minority shareholders of certain subsidiaries of the Company in respect of property construction fees.

Accounts payable is denominated in Renminbi. Carrying values of accounts payable approximate their fair values.

(14) RESERVES*For the year ended 31st December 2011*

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1st January 2011	10,793,525	2,546	161,117	2,988,251	3,582,279	20,484,200	38,011,918
Currency translation differences	—	—	—	—	1,903,349	—	1,903,349
Profit for the year	—	—	—	—	—	1,430,031	1,430,031
Repurchase of own shares	(100,793)	1,637	—	—	—	30,414	(68,742)
Dividends paid	—	—	—	—	—	(300,531)	(300,531)
Fair value loss on available-for-sale financial assets	—	—	—	(40,645)	—	—	(40,645)
Realised upon disposal of properties held for sale	—	—	—	(26,684)	—	—	(26,684)
Deferred tax	—	—	—	2,156	—	—	2,156
At 31st December 2011	<u>10,692,732</u>	<u>4,183</u>	<u>161,117</u>	<u>2,923,078</u>	<u>5,485,628</u>	<u>21,644,114</u>	<u>40,910,852</u>

For the year ended 31st December 2010

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Convertible bonds reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1st January 2010	8,232,259	—	161,117	2,507,043	227,734	2,366,633	14,539,720	28,034,506
Currency translation differences	—	—	—	—	—	1,215,646	—	1,215,646
Profit for the year	—	—	—	—	—	—	5,889,412	5,889,412
Issue of shares — Placements	2,692,900	—	—	—	—	—	—	2,692,900
Repurchase of own shares	(131,634)	2,546	—	—	—	—	(138,664)	(267,752)
Acquisition of additional equity interest of a subsidiary	—	—	—	—	—	—	(34,002)	(34,002)
Redemption of convertible bonds	—	—	—	—	(227,734)	—	227,734	—
Fair value gain on available-for-sale financial assets	—	—	—	542,775	—	—	—	542,775
Realised upon disposal of properties held for sale	—	—	—	(86,447)	—	—	—	(86,447)
Deferred tax	—	—	—	24,880	—	—	—	24,880
At 31st December 2010	<u>10,793,525</u>	<u>2,546</u>	<u>161,117</u>	<u>2,988,251</u>	<u>—</u>	<u>3,582,279</u>	<u>20,484,200</u>	<u>38,011,918</u>

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31st December 2011 (2010: HK\$17.15 cents per share). No interim dividend has been declared for the half year ended 30th June 2011.

FINANCIAL REVIEW

Turnover

(i) Recognised Sales

Faced with the environment of austerity measures, the Group produced a turnover of HK\$8,008 million in 2011 (2010: HK\$14,379 million). The overall GFA delivered by the Group in 2011 was 391,277 square metres (2010: 766,030 square metres). Whilst certain projects in various locations achieved an increase in GFA delivered, such as the Huanan New City in Guangzhou, the Huizhou Golf Manor, the Kylin Zone in Beijing and the Hopson Town in Shanghai, some of the other projects furnished mainly remaining unsold units and carparks thereby resulting in a significant decline in the GFA delivered.

The average selling price for delivered and completed properties in 2011, also decreased by 2% to RMB15,175 per square metre (2010: RMB15,474 per square metre) as a considerable volume of lower price products and remaining unsold units were delivered during the year. The average selling price of several delivered properties, namely No. 8 Royal Park in Beijing, Hopson Town in Shanghai and Jingjin New Town in Tianjin showed 26%, 70% and 7% growth respectively, but quite a number of projects in various regions recorded a decrease in the average selling price.

(ii) Contracted Sales

During the year, affected by Central Government's further implementation of the austerity measures on real estates in order to adjust the housing prices to a reasonable level and promote the healthy development of the market, the Group recorded a total of RMB9.94 billion contracted sales (2010: RMB11.04 billion), representing a drop of RMB1.1 billion. Average contracted selling price also decreased by 4% to RMB15,110 per square metre (2010: RMB15,684 per square metre).

The combined contracted sales of Beijing and Tianjin was RMB3,309 million, representing 33% of the total contracted sales of the Group in 2011. Nine property projects were on sale in Beijing and Tianjin, of which No. 8 Royal Park, Dreams World and Kylin Zone were still the major sales contributors.

Twenty property projects were on sale in Guangdong and the contracted sales were RMB4,108 million in 2011, representing 41% of the total contracted sales of the Group. Huizhou region recorded a growth in contracted sales by 69% to reach RMB1,817 million. The major projects in

Guangdong were Pleasant View Garden, Junjing Bay, Huanan New City, Hopson Regal International, Hopson Plaza, Hopson International New City, Huizhou Regal Bay, Binhai City and Huizhou Golf Manor.

There were eight property projects on sale in Shanghai, comprising Hopson Town, Hopson Golf Mansion, International Garden, Sheshan Dongziyuan, Hopson Dongjiao Villa, Hopson Yuting Garden, Hopson International City and The Town of Hangzhou Bay. Contracted sales of Shanghai amounted to RMB2,527 million, representing 26% of the total contracted sales of the Group.

Cost of Sales

Cost of sales included land and construction costs, decoration and design costs and capitalised interest. In line with the decrease in turnover, cost of sales was down by 50% to HK\$4,329 million (2010: HK\$8,692 million) and, as a percentage of turnover, dropped 6% to 54% (2010: 60%).

Gross Profit

Gross profit margin increased from 39.6% in 2010 to 45.9% in 2011 was mainly attributable to the delivery of some high-end development projects with high gross margins achieved during the year.

Other Income/Gains, Net

Other income/gains amounted to HK\$99.7 million in 2011 (2010: HK\$1,124.1 million) comprising (1) grants amounting to HK\$31.2 million from government authorities in the Mainland; (2) dividend income of HK\$68.8 million from investment in listed and unlisted securities, and (3) fair value losses of HK\$0.3 million from listed investment.

Operating Costs

The net operating costs relating to expenses for selling, marketing, general and administration amounted to HK\$1,476 million, a slight decrease of 3.4% from 2010 of HK\$1,528 million. The slight decrease was made possible by a substantial exchange gain of HK\$262 million recorded in 2011 due to the strengthening of Renminbi. Excluding the exchange gain, there was a general increase in the operating expenses. The increase was primarily attributable to (1) higher compensation costs expended and more staff employed on various new projects; (2) greater outlay on selling and promotional activities for new projects; and (3) larger amount of finance charges incurred for additional bank and financial institution loans in 2011.

Operating Profit

Operating profit in 2011 was decreased by 73% to HK\$2,410 million (2010: HK\$9,079 million).

Finance Costs

Gross interest before capitalisation increased 87% to HK\$2,374 million from HK\$1,268 million in 2010. The increase was primarily caused by the additional bank and financial institution borrowings made and the issue of Guaranteed Senior Notes of US\$300 million in January 2011. The effective interest rate in respect of the Group's borrowings was approximately 7.9% per annum (2010: 5.8%).

Share of Losses of Jointly Controlled Entities

Share of losses of jointly controlled entities represented the Group's share of loss of HK\$3.3 million from two jointly controlled entities located in Beijing and Guangzhou.

Taxation

The effective tax rate was 36% in 2011, up 7% compared with last year. Excluding (1) government grants of HK\$31.2 million, dividend income from investment in listed and unlisted securities of HK\$68.8 million and interest income of HK\$29.1 million, and (2) share of losses from jointly controlled entities of HK\$3.3 million and share of profit from associates of HK\$0.35 million, the effective tax rate would have been 38% (2010: 33%). The increase in effective tax rate was to a large extent attributable to the increase of provision made for Mainland China's land appreciation tax during the year.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders was HK\$1,430 million for 2011 (2010: HK\$5,889 million). Basic earnings per share was HK\$0.818. Excluding the effect of the net of tax gain from revaluation of investment properties amounting to HK\$81 million, underlying profit was HK\$1,349 million, down HK\$1,693 million or 56% as compared with previous year.

Segment Information

Property development continued to be the Group's core business activity (90%). In 2011, the Group continued to develop its business in the three core economic regions, namely the Pearl River Delta, Yangtze River Delta and Huanbohai Area. Northern China (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) contributed 41% to the total revenue of the Group, followed by Southern China (including Guangzhou, Huizhou and Zhongshan) (34%), and Eastern China (including Shanghai, Hangzhou and Ningbo) (25%).

Financial Position

As at 31st December 2011, total assets of the Group amounted to HK\$109,897 million and its total liabilities came to HK\$65,831 million, representing an increase of HK\$18,736 million and HK\$15,663 million respectively over the previous year. The increase in total assets was mainly attributable to the increase in (1) surplus from revaluation of investment properties; (2) development cost incurred in the

construction and completion of projects, and (3) prepayment of land and acquisition costs for land sites. Aligned with this, total liabilities also increased, primarily due to (1) additional borrowings obtained, and (2) increase in accruals and other payables and deferred revenue.

Current ratio was 2.16 in 2011 (2010: 2.75). Equity increased to HK\$44,066 million at 31st December 2011 from HK\$40,993 million at 31st December 2010, due primarily to (1) current year's profit attributable to equity holders; and (2) increase in assets revaluation reserve and currency translation differences reserve.

Liquidity and Financial Position

In managing the liquidity risk, the Group regularly and closely monitors its current and expected liquidity requirements to maintain its rolling cash flow at a level which is considered adequate by the Group to finance the Group's operations according to its cash flow projections and to maintain sufficient cash to meet its business development requirements.

As at 31st December 2011, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 60% (2010: 55%). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 72% (2010: 51%).

As at 31st December 2011, the Group had cash and short-term bank deposits amounting to HK\$3,648 million (2010: HK\$2,697 million) of which approximately HK\$168 million (2010: HK\$77 million) was charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 98.9% of the cash and bank deposits were denominated in Renminbi, 0.7% in Hong Kong dollars and 0.4% in United States dollars.

Total borrowings from banks and financial institutions amounted to HK\$30,351 million as at 31st December 2011 representing an increase of 44% or HK\$9,329 million as compared to those at 31st December 2010. Gearing, measured by net bank and financial institution borrowings and Guaranteed Senior Notes (i.e. total bank and financial institution borrowings and Guaranteed Senior Notes less cash and bank deposits) as a percentage of shareholders' equity, was 72%, increase 21 percentage points from 51% as at 31st December 2010. The increase was mainly due to the increase in bank and financial institution borrowings and the issue of Guaranteed Senior Notes of US\$300 million during the year.

All of the bank and financial institution borrowings were either secured or covered by guarantees and were substantially denominated in Renminbi with fixed interest rates whereas the United States Dollar denominated Senior Notes due 2012 and Senior Notes due 2016 were jointly and severally guaranteed by certain subsidiaries with fixed interest rate, representing approximately 82% and 14%, respectively of the Group's total borrowings.

All of the other borrowings were unsecured, interest-free and substantially denominated in Renminbi.

The Group's borrowing repayment profile as at 31st December 2011 was as follows:

	As at 31st December 2011				As at 31st December 2010					
	Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total	Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total		
<i>(HK million)</i>										
1 year	10,922	2,707	1,663	15,292	(41%)	3,672	—	2,060	5,732	(22%)
1-2 years	10,886	—	—	10,886	(29%)	5,626	2,698	—	8,324	(32%)
2-5 years	5,384	2,290	—	7,674	(21%)	8,863	—	—	8,863	(35%)
After 5 years	3,159	—	—	3,159	(9%)	2,861	—	—	2,861	(11%)
Total	30,351	4,997	1,663	37,011		21,022	2,698	2,060	25,780	
Less: Cash and bank deposits				(3,648)					(2,697)	
Net borrowings				33,363					23,083	

As at 31st December 2011, the Group had banking facilities of approximately HK\$64,644 million (2010: HK\$55,561 million) for short-term and long-term bank loans, of which HK\$34,293 million (2010: HK\$34,539 million) were unutilised.

Financial Guarantees

As at 31st December 2011, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$10,315 million (2010: HK\$10,502 million).

Charge on Assets

As at 31st December 2011, certain assets of the Group with an aggregate carrying value of HK\$22,308 million (2010: HK\$11,853 million) were pledged with banks and financial institutions for loan facilities used by subsidiaries.

Commitments

The Group's commitments as at 31st December 2011 were as follows:

	As at 31st December 2011 <i>HK\$ million</i>	As at 31st December 2010 <i>HK\$ million</i>
Capital commitments		
Contracted but not provided for		
— Acquisition of land and equity interests in certain entities	11,336	6,245
— Property construction costs	2,753	1,785
— Capital contribution to an associate	264	—
	14,353	8,030
Authorised but not contracted for		
— Acquisition of land and equity interests in certain entities	102	7,859
— Property construction costs	1,523	3,526
	1,625	11,385
	15,978	19,415
Property development commitments		
Contracted but not provided for		
— Property construction costs	20,576	13,066
Authorised but not contracted for		
— Property construction costs	73,910	66,221
	94,486	79,287

The Group has operating lease commitments in respect of premises under various non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

	As at 31st December 2011 <i>HK\$ million</i>	As at 31st December 2010 <i>HK\$ million</i>
Amounts payable		
— Within one year	35	30
— Within two to five year	68	74
— After 5 years	40	40
	143	144

With continuous cash inflow from property sales, the banking facilities available and the cash in hand, the Group is expected to be in an adequate liquidity position to meet these on-going commitments by stages.

Treasury Policies and Capital Structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange risk arising from the exposure of Renminbi against Hong Kong dollar and US dollar. However, the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollar, US dollar and Renminbi in the foreseeable future.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

EMPLOYEES

As at 31st December 2011, the Group, excluding its associates and jointly controlled entities, employed a total of 8,238 (as at 31st December 2010: 7,239) staff, the majority of which were employed in the Mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$620 million (2010: HK\$445 million) for the year ended 31st December 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as the code of conduct regarding Directors’ securities transactions during the year under review. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31st December 2011.

CORPORATE GOVERNANCE

Throughout the year ended 31st December 2011, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Listing Rules, except for Code provisions A.4.1 and E.1.2 as described below.

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

None of the independent non-executive Directors is appointed for specific term. This constitutes a deviation from Code provision A.4.1. However, as all the independent non-executive Directors are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Company’s Bye-laws, in the opinion of the Directors, this meets the objective of the Code.

Code E.1.2 stipulates that the chairman of the board should attend annual general meetings. The Chairman of the Board of Directors did not attend the annual general meeting for the year 2011 due to other business commitment.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

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

During the year ended 31st December 2011, the Company repurchased a total of 16,364,000 shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), details of which are as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate consideration (excluding expenses) (HK\$)
September 2011	12,358,000	4.80	4.20	55,062,740
October 2011	<u>4,006,000</u>	4.21	3.75	<u>15,868,500</u>
	<u>16,364,000</u>			<u>70,931,240</u>

The issued share capital of the Company was reduced by the nominal value of the repurchased shares which had been cancelled. The premium paid for the repurchase of the shares and related expenses totaling HK\$68,742,000 were charged to the reserves.

The repurchases of shares were effected by the Directors pursuant to the general mandate approved by the shareholders at the annual general meeting of the Company held on 16th June 2011, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

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

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company's audit committee comprises all the three independent non-executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the financial statements for the year ended 31st December 2011.

The figures in this preliminary announcement of the Group's results for the year ended 31st December 2011 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

REMUNERATION COMMITTEE

The Company has established a remuneration committee comprising the three independent non-executive Directors in accordance with the requirements of the Code.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 12th June 2012 to Friday, 15th June 2012 (both days inclusive) during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the annual general meeting to be held on Friday, 15th June 2012, all transfer of shares accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 11th June 2012.

ANNUAL REPORT

The 2011 annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website <http://www.irasia.com/listco/hk/hopson> in due course.

DIRECTORS

As at the date of this announcement, the Board is composed of six executive Directors, namely Mr. Chu Mang Yee (Chairman), Mr. Zhang Yi, Mr. Xiang Bin, Mr. Au Wai Kin, Mr. Liao Ruo Qing and Ms. Chu Kut Yung; and three independent non-executive Directors, namely Mr. Lee Tsung Hei, David, Mr. Wong Shing Kay, Oliver and Mr. Tan Leng Cheng, Aaron.

By order of the Board
Chu Mang Yee
Chairman

Hong Kong, 30th March 2012