合景泰富地產

KWG PROPERTY HOLDING LIMITED
合景泰富地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1813)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011 AND CHANGE OF CHAIRMAN OF REMUNERATION COMMITTEE

HIGHLIGHTS

- Revenue for the year ended 31 December 2011 amounted to RMB10,122.6 million, a significant increase of 35.6% compared with the financial year of 2010.
- Profit attributable to owners of the parent amounted to RMB2,103.4 million, a growth of 64.1% as compared with the financial year of 2010.
- Gross profit margin and net profit margin were 44.2% and 20.8%, respectively.
- Earnings per share increased by 65.9% to RMB73 cents as compared with the financial year of 2010.
- Proposed to declare final dividend of RMB22 cents per ordinary share.

The board of directors (the "Board") of KWG Property Holding Limited ("KWG Property" or the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2011. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2011

	Notes	**2011** *RMB'000*	2010 *RMB'000*
REVENUE	6	**10,122,595**	7,465,911
Cost of sales		**(5,650,499)**	(4,368,278)
Gross profit		**4,472,096**	3,097,633
Other income and gains	6	**94,014**	78,893
Selling and marketing costs		**(231,813)**	(242,805)
Administrative expenses		**(532,574)**	(413,836)
Other operating expenses, net		**(5,545)**	(5,356)
Fair value gains on investment properties, net		**325,656**	3,869
Finance costs	7	**(124,979)**	(19,974)
Share of profits and losses of:			
Associates		**(4,608)**	(2,246)
Jointly-controlled entities		**(12,312)**	11,485
PROFIT BEFORE TAX	8	**3,979,935**	2,507,663
Income tax expenses	9	**(1,876,028)**	(1,225,889)
PROFIT FOR THE YEAR		**2,103,907**	1,281,774
Attributable to:			
Owners of the parent		**2,103,368**	1,281,772
Non-controlling interests		**539**	2
		2,103,907	1,281,774
Earnings per share attributable to owners of the parent — Basic and diluted	11	**RMB73 cents**	RMB44 cents

Details of the dividends proposed for the year are disclosed in note 10.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	2011	2010
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**2,103,907**	1,281,774
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**102,698**	20,713
Share of exchange differences on translation of associates	**34,538**	10,885
Share of exchange differences on translation of jointly-controlled entities	**16,247**	17,772
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**153,483**	49,370
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,257,390**	1,331,144
Attributable to:		
Owners of the parent	**2,256,851**	1,331,142
Non-controlling interests	**539**	2
	2,257,390	1,331,144

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,778,937**	1,343,901
Investment properties		**4,234,290**	3,461,980
Land use rights		**1,060,030**	866,274
Interests in associates		**1,998,766**	3,403,588
Interests in jointly-controlled entities		**6,508,942**	5,434,914
Deferred tax assets		**881,880**	603,560
Total non-current assets		**16,462,845**	15,114,217
CURRENT ASSETS			
Properties under development		**17,933,719**	13,730,027
Completed properties held for sale		**3,022,634**	2,553,758
Trade receivables	12	**60,772**	47,687
Prepayments, deposits and other receivables		**1,574,683**	1,679,437
Due from a jointly-controlled entity		**43,713**	46,155
Taxes recoverable		**114,748**	59,450
Restricted cash		**1,348,580**	1,527,992
Cash and cash equivalents		**4,024,609**	5,275,609
Total current assets		**28,123,458**	24,920,115
CURRENT LIABILITIES			
Trade payables	13	**2,934,780**	1,670,898
Other payables and accruals		**7,684,208**	8,745,262
Due to associates		**1,081,720**	442,382
Due to jointly-controlled entities		**589,631**	73,454
Interest-bearing bank and other borrowings		**3,409,572**	2,281,674
Taxes payable		**3,290,594**	2,217,971
Total current liabilities		**18,990,505**	15,431,641
NET CURRENT ASSETS		**9,132,953**	9,488,474
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,595,798**	24,602,691
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**10,424,816**	10,049,956
Deferred tax liabilities		**766,964**	669,168
Deferred revenue		**711,000**	700,000
Other non-current liabilities		**—**	1,589,295
Total non-current liabilities		**11,902,780**	13,008,419
NET ASSETS		**13,693,018**	11,594,272

	Notes	**2011** *RMB'000*	2010 *RMB'000*
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**280,485**	280,485
Reserves		**12,573,827**	10,985,534
Proposed final dividends	10	**636,493**	318,247
		13,490,805	11,584,266
Non-controlling interests		**202,213**	10,006
TOTAL EQUITY		**13,693,018**	11,594,272

Notes:

1. CORPORATE INFORMATION

KWG Property Holding Limited is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was involved in the following principal activities in the People's Republic of China (the "PRC"):

- property development
- property investment
- hotel operation
- provision of property management services

In the opinion of the directors, the immediate and ultimate holding company of the Company is Plus Earn Consultants Limited, which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*
HK(IFRIC) — Int 14 Amendments	Amendments to HK(IFRIC) — Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC) — Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKAS 24 (Revised) Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*[4]
HKFRS 9	*Financial Instruments*[6]
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 1 Amendments	*Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[5]
HK(IFRIC) — Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]

[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 2014
[6] Effective for annual periods beginning on or after 1 January 2015

Further information about those changes that are expected to significantly affect the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC) — Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in HK(SIC) — Int 12.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC) — Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangement, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosures requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, and the consequential amendments to HKAS 27 and HKAS 28 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 January 2013.

Amendments to HKAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The Group expects to adopt the amendments from 1 January 2013.

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC) — Int 21 *Income Taxes — Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. The Group expects to adopt HKAS 12 Amendments from 1 January 2012.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 January 2013.

5. SEGMENT INFORMATION

For management purposes, the Group is organised into four reportable operating segments as follows:

(a) Property development: Sale of properties

(b) Property investment: Leasing of properties

(c) Hotel operation: Operation of hotels

(d) Property management: Provision of property management services

The property development projects undertaken by the Group during the year are all located in the PRC.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

The Group's revenue from external customers is derived solely from its operations in the PRC, and no non-current assets of the Group are located outside the PRC.

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Year ended 31 December 2011

	Property development *RMB'000*	**Property investment** *RMB'000*	**Hotel operation** *RMB'000*	**Property management** *RMB'000*	**Total** *RMB'000*
Segment revenue:					
Sales to external customers	**9,815,408**	**138,616**	**70,236**	**98,335**	**10,122,595**
Segment results	**3,975,954**	**458,449**	**14,797**	**8,353**	**4,457,553**
Reconciliation:					
Interest income and unallocated income					**94,014**
Unallocated expenses					**(446,653)**
Finance costs					**(124,979)**
Profit before tax					**3,979,935**
Income tax expenses					**(1,876,028)**
Profit for the year					**2,103,907**
Other segment information:					
Depreciation and amortisation	**16,332**	**2,553**	**18,181**	**332**	**37,398**
Fair value gains on investment properties, net	**—**	**325,656**	**—**	**—**	**325,656**
Share of losses of:					
Associates	**(4,608)**	**—**	**—**	**—**	**(4,608)**
Jointly-controlled entities	**(12,312)**	**—**	**—**	**—**	**(12,312)**

Year ended 31 December 2010

	Property development *RMB'000*	Property investment *RMB'000*	Hotel operation *RMB'000*	Property management *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	7,221,143	124,178	56,914	63,676	7,465,911
Segment results	2,670,347	122,184	7,842	255	2,800,628
Reconciliation:					
Interest income and unallocated income					78,893
Unallocated expenses					(351,884)
Finance costs					(19,974)
Profit before tax					2,507,663
Income tax expenses					(1,225,889)
Profit for the year					1,281,774
Other segment information:					
Depreciation and amortisation	13,186	2,573	18,181	187	34,127
Fair value gains on investment properties, net	—	3,869	—	—	3,869
Share of profits and losses of:					
Associates	(2,246)	—	—	—	(2,246)
Jointly-controlled entities	11,485	—	—	—	11,485

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the gross proceeds, net of business tax, from the sale of properties, gross rental income received and receivable from investment properties, gross revenue from hotel operation and property management fee income during the year.

An analysis of revenue, other income and gains is as follows:

	2011	2010
	RMB'000	*RMB'000*
Revenue		
Sale of properties	**9,815,408**	7,221,143
Gross rental income	**138,616**	124,178
Hotel operation income	**70,236**	56,914
Property management fees	**98,335**	63,676
	10,122,595	7,465,911
Other income and gains		
Bank interest income	**45,726**	33,483
Foreign exchange differences, net	**33,998**	12,510
Others	**14,290**	32,900
	94,014	78,893

7. FINANCE COSTS

	2011	2010
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**1,165,699**	704,116
Less: Interest capitalised	**(1,040,720)**	(684,142)
	124,979	19,974

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2011	2010
	RMB'000	*RMB'000*
Cost of properties sold	**5,680,748**	4,368,412
Less: Government grant released	**(88,316)**	(50,675)
	5,592,432	4,317,737
Depreciation	**35,983**	32,712
Amortisation of land use rights	**21,508**	14,116
Less: Amount capitalised in assets under construction	**(20,093)**	(12,701)
	1,415	1,415
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**266,115**	198,037
Pension scheme contributions	**16,691**	11,117
Equity-settled share option expense	**(868)**	16,821
Less: Amount capitalised in assets under construction, properties under development and investment properties under development	**(91,790)**	(59,962)
	190,148	166,013
Loss on disposal of investment properties, net	**4,950**	4,573
(Gain)/loss on disposal of items of property, plant and equipment	**98**	(147)

9. INCOME TAX EXPENSES

	2011	2010
	RMB'000	*RMB'000*
Current — PRC		
Corporate income tax ("CIT")	**1,057,807**	692,592
Land appreciation tax ("LAT")	**994,266**	694,152
	2,052,073	1,386,744
Deferred	**(176,045)**	(160,855)
Total tax charge for the year	**1,876,028**	1,225,889

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2011 and 2010.

PRC Corporate Income Tax

PRC CIT in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2011 and 2010, based on existing legislation, interpretations and practices in respect thereof.

PRC Land Appreciation Tax

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

10. DIVIDENDS

	2011	2010
	RMB'000	*RMB'000*
Proposed final — RMB22 cents (2010: RMB11 cents) per ordinary share	**636,493**	318,247

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings per share for the year is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 2,893,150,000 (2010: approximately 2,893,150,000) in issue during the year.

No adjustment has been made to the basic earnings per share presented for the years ended 31 December 2011 and 2010 in respect of a dilution as the share options outstanding had an anti-dilutive effect on the basic earnings per share presented.

The calculation of basic and diluted earnings per share is based on:

	2011	2010
	RMB'000	*RMB'000*
Earnings		
Profit attributable to owners of the parent	**2,103,368**	1,281,772

	Number of shares	
	2011	2010
Shares		
Weighted average number of ordinary shares in issue during the year	**2,893,150,000**	2,893,150,000

12. TRADE RECEIVABLES

Trade receivables mainly consist of receivables from the sale of properties, rentals under operating leases and provision of property management services. The payment terms of the sale of properties are stipulated in the relevant sale and purchase agreements. An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	2011	2010
	RMB'000	*RMB'000*
Within 3 months	**47,949**	31,035
4 to 6 months	**2,490**	3,135
7 to 12 months	**2,540**	4,952
Over 1 year	**7,793**	8,565
	60,772	47,687

13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period is as follows:

	2011	2010
	RMB'000	*RMB'000*
Due within one year or on demand	**2,934,780**	1,670,898

The trade payables are non-interest-bearing and are normally settled on terms of three to six months.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Revenue of the Group comprises primarily the (i) gross proceeds, net of business tax, from the sale of properties, (ii) gross recurring revenue received and receivable from investment properties, (iii) gross revenue from hotel room rentals, food and beverage sales and other ancillary services when the services are rendered and (iv) property management fee income. The revenue is primarily generated from its four business segments: property development, property investment, hotel operation and provision of property management services.

The revenue amounted to approximately RMB10,122.6 million in 2011, representing a significant increase of 35.6% from approximately RMB7,465.9 million in 2010, primarily due to the substantial increase of total gross floor area ("GFA") delivered in sales of properties in 2011.

In 2011, the revenue generated from property development, property investment, hotel operation and property management services were approximately RMB9,815.4 million, RMB138.6 million, RMB70.2 million and RMB98.4 million, respectively.

Property development

Revenue generated from property development increased by 35.9% to approximately RMB9,815.4 million in 2011 from approximately RMB7,221.1 million in 2010, primarily due to a 17.0% increase in the total GFA delivered to 917,777 sq.m. in 2011 from 784,116 sq.m. in 2010. The increase in the total GFA delivered in 2011 was principally due to the Group's effort of delivering increased number of projects in other high growth cities.

The increase in revenue was also attributable to the increase in the recognised average selling price ("ASP") of the Group's properties sold. The recognised ASP of property increased to RMB10,695 per sq.m. in 2011 from RMB9,209 per sq.m. in 2010 reflecting a better product mix as well as an upgrade on city mix.

Property investment

Revenue generated from the property investment increased by 11.6% to approximately RMB138.6 million in 2011 from approximately RMB124.2 million in 2010, primarily attributable to 2011 being the first full year to us of generating rental income from certain tenants.

Hotel operation

Revenue generated from hotel operation increased by 23.4% to approximately RMB70.2 million in 2011 from approximately RMB56.9 million in 2010, primarily attributable to an increase in occupancy rate of our Four Points by Sheraton Guangzhou, Dongpu.

Provision of property management services

Revenue generated from the provision of property management services increased by 54.5% to approximately RMB98.4 million in 2011 from approximately RMB63.7 million in 2010, primarily attributable to an increase in the number of properties under management.

Cost of sales

Cost of sales of the Group primarily represents the costs we incur directly for the Group's property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct cost of construction, cost of obtaining land use rights and capitalised borrowing cost on related borrowed funds during the period of construction.

Cost of sales increased by 29.4% to approximately RMB5,650.5 million in 2011 from approximately RMB4,368.3 million in 2010, primarily due to an overall increase in cost of properties sold following the increase in GFA delivered.

Land cost per sq.m. increased from RMB1,759 in 2010 to RMB1,867 in 2011, reflecting the upgrade on city mix with relatively higher land costs.

Construction cost per sq.m. increased from RMB3,507 in 2010 to RMB3,870 in 2011, principally due to increase in delivery of high-end products with relatively higher construction costs.

Gross profit

Gross profit of the Group increased by 44.4% to approximately RMB4,472.1 million in 2011 from approximately RMB3,097.6 million in 2010. The increase in gross profit was primarily attributable to the increase in the total revenue and recognised ASP in 2011. The Group reported a gross profit margin of 44.2% for 2011 as compared with 41.5% for 2010.

Other income and gains

Other income and gains increased by 19.1% to approximately RMB94.0 million in 2011 from approximately RMB78.9 million in 2010, mainly comprising interest income of approximately RMB45.7 million and net exchange gains of approximately RMB34.0 million.

Selling and marketing costs

Selling and marketing costs of the Group slightly decreased by 4.5% to approximately RMB231.8 million in 2011 from approximately RMB242.8 million in 2010, primarily due to less marketing expenses incurred in 2011.

Administrative expenses

Administrative expenses of the Group increased by 28.7% to approximately RMB532.6 million in 2011 from approximately RMB413.8 million in 2010, primarily attributable to an increased headcount to catch up with the rapid development of the Group in various regional offices in order to achieve its long term goal. The Group believes that people are key elements for future growth and grasping the opportunities ahead. The Group also provided extensive training, built incentive schemes as well as a teamwork-oriented corporate culture with high sense of belonging to retain experienced employees. The rapid development of the Group in various regional offices at the same time lead to increased general office expenses. The increase of other tax and surcharges on sales of properties also contributed to the increment in administrative expenses in 2011.

Other operating expenses, net

Other operating expenses of the Group was approximately RMB5.5 million in 2011 (2010: approximately RMB5.4 million), mainly comprising the losses on the disposal of certain investment properties during the year.

Fair value gains on investment properties, net

The Group reported net fair value gains on investment properties of approximately RMB325.7 million for 2011 (2010: approximately RMB3.9 million), mainly related to various leaseable commercial properties in various regions. The fair value gains attributable to those leaseable commercial properties, including International Finance Place ("IFP"), The Summit, The Vision of the World, Chengdu Cosmos, The Sapphire and Suzhou Apex, were approximately RMB278.5 million for 2011.

Finance costs

Finance costs of the Group being approximately RMB125.0 million in 2011 (2010: approximately RMB20.0 million), related to the borrowing costs on certain general corporate loans and partial senior notes. Since such borrowings were not earmarked for project development, thus such borrowing costs have not been capitalised.

Income tax expenses

Income tax expenses increased by 53.0% to approximately RMB1,876.0 million in 2011 from approximately RMB1,225.9 million in 2010, primarily due to an increase in profit before tax and provision for LAT as a result of the increase in total GFA delivered in sales of properties in 2011.

Profit attributable to owners of the parent

Profit attributable to owners of the parent of the Group in 2011 increased by 64.1% to approximately RMB2,103.4 million from approximately RMB1,281.8 million in 2010. Net profit margin increased to 20.8% in 2011 from 17.2% in 2010, as a result of the cumulative effect of the foregoing factors.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2011, the carrying amount of the Group's cash and bank deposits was approximately RMB5,373.2 million (31 December 2010: approximately RMB6,803.6 million), representing a decrease of 21.0% as compared to that as at 31 December 2010.

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. As at 31 December 2011, the carrying amount of the restricted cash was approximately RMB1,348.6 million (31 December 2010: approximately RMB1,528.0 million).

Borrowings and charges on the Group's assets

As at 31 December 2011, the Group's bank and other loans and senior notes were approximately RMB10,124.6 million and RMB3,709.8 million (equivalent) respectively. Amongst the loans, approximately RMB3,409.6 million were repayable within 1 year, approximately RMB6,152.0 million were repayable between 2 and 5 years and approximately RMB563.0 million will be repayable over 5 years. Amongst the senior notes, approximately RMB2,165.1 million was repayable between 2 and 5 years and approximately RMB1,544.7 million will be repayable over 5 years.

As at 31 December 2011, the Group's bank and other loans of approximately RMB9,000.8 million were secured by property, plant and equipment, land use rights, investment properties, properties under development, completed properties held for sale and time deposits of the Group with total carrying values of approximately RMB9,414.7 million and equity interests of certain subsidiaries and an associate of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares.

The carrying amounts of all the Group's bank and other loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately HK$1,354.8 million as at 31 December 2011 which were denominated in Hong Kong dollar. All of the Group's bank and other loans were charged at floating interest rates except for loan balances with an aggregate amount of RMB284.8 million were charged at fixed interest rates as at 31 December 2011. The Group's senior notes were denominated in U.S. dollar.

Gearing ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and cash equivalents and restricted cash) over the total equity. As at 31 December 2011, the gearing ratio was 61.8% (31 December 2010: 47.7%). The increase in gearing ratio in 2011 mainly reflecting increased cash utilisation in the ongoing property development projects.

Risk of exchange rate fluctuation

The Group mainly operates in the PRC, so most of its revenues and expenses are measured in RMB. The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the People's Bank of China.

During 2011, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar maintained a relatively stable level and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

CONTINGENT LIABILITIES

(i) As at 31 December 2011, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB6,642.6 million (31 December 2010: approximately RMB6,160.6 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

    The fair value of the guarantees is not significant and the Board considers that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements as at 31 December 2011 and 2010 for the guarantees.

(ii) As at 31 December 2011, the Group had provided guarantees in respect of certain bank loans for jointly controlled entities.

(iii) As at 31 December 2011, the Group had provided a guarantee in respect of a bank loan of RMB700.0 million (31 December 2010: RMB700.0 million) for the ex-owner of The Summit in Guangzhou, PRC.

MARKET REVIEW

The PRC Central Government continued to step up with regulation over the domestic property market in 2011, as it introduced detailed provisions and implementation measures in its regulatory policies during the year. The "Eight Articles of the State Council" and the trial implementation of property tax at Shanghai and Chongqing announced early in the year were followed by policies like the Home Purchase Restrictions, pricing caps and loan restrictions. The geographic scope of application of restricting property purchases was significantly extended to cover nearly 50 cities, as compared to less than 20 cities in 2010. Efforts to develop social affordable housing were enhanced. Meanwhile, the bank reserve requirement ratio and benchmark interest rates for deposit/loans were raised for several times to tighten the liquidity environment. These measures were designed to curb inflationary property prices and steer the property market towards healthier and more sustainable development.

BUSINESS REVIEW

During the year under review, the Group's Jinnan New Town in Tianjin and The Core of Center (Formerly called "Putuo Project") in Shanghai were officially launched for sale, bringing the number of contributing cities from 4 to 6. The fact that the aforementioned projects took only about 12 months from land acquisition to official sale further testifies the Group's execution capabilities in new cities other than Guangzhou.

The Group has adopted a proactive approach in adjusting its strategies to address ever-changing market conditions, with special emphasis on cash flow management.

We sought to enhance the cash inflow by reshuffling our launch schedules to advance the sale of commercial projects which were not subject to the Home Purchase Restriction or mortgage restriction. On the other hand, we slowed down the construction of other investment properties to maintain a better cash position that would prepare us well for any market changes. During the year, the Group launched three purely commercial projects, The Riviera, L7 and International Creative Valley in Guangzhou, as well as commercial components, such as serviced apartments and retail shops of existing projects in Suzhou, Chengdu and Beijing, resulting in positive contributions to our operating cash flow. The Group reported pre-sales of RMB11,500 million, representing a 5% growth as compared to the full year of 2010.

In the mean time, we further enhanced our balance sheet by resorting to diversified funding channels. These included the issue of a US Dollar senior note, project loans from overseas banks at more reasonable costs and ongoing working relationships with domestic banks, which combined to form a secure financing network to underpin our financial strengths.

In addition, the Group exercised control over cash outflow by adopting a strategy of prudent land acquisition. Land acquisition costs were maintained at a controllable level as we only acquired several small sites during the year. Meanwhile, we continued to dispense vigorous efforts in internal control and corporate governance underpinned by stringent cost controls.

Investment Properties and Hotels

During 2011, KWG Property continued to develop hotels and investment properties in specific projects. In the long run, we will continue to explore opportunities in diversified property investments with the objective of maintaining a balanced product portfolio. The Group's portfolio of hotels, serviced apartments, shopping malls and offices held on a long-term basis are expected to gradually account for an increasing share of the Group's asset base.

During the year under review, turnover of the Group from its investment in office premises and leasing of retail properties amounted to approximately RMB138.6 million (2010: approximately RMB124.2 million).

(1) Hotels

Following the opening of the Four Points by Sheraton Guangzhou, Dongpu located in Tianhe District, Guangzhou in September 2009, Sheraton Guangzhou Huadu Resort in Guangzhou also commenced soft operation in November 2011. In addition, there are also several high-end star-rated hotels and large-scale shopping malls under planning by the Group, located in Guangzhou, Suzhou, Chengdu, Hainan and Shanghai.

To ensure the high quality of the Group's hotel services, the Group entered into a management agreement with Starwood Hotels & Resorts Worldwide, Inc. ("Starwood"), an internationally renowned hotel management group. Pursuant to the agreement, Starwood will provide hotel operation and management services with respect to the Group's Guangzhou W Hotel and serviced apartments, Sheraton Guangzhou Huadu Resort and Four Points by Sheraton Guangzhou, Dongpu. A letter of intent has also been entered into in respect of Starwood's provision of hotel operation and management services at Westin Hotel in Suzhou and W Hotel in Chengdu.

During the year, the Group entered into further hotel operation agreements with other well-known international hotel management groups: a hotel operation agreement with Hyatt International Corporation for the operation and management of Hyatt Place Hotel and Hyatt House Serviced Apartments at Shanghai Sapphire and Hyatt Place Hotel at Amazing Bay in Shanghai; and a hotel operation agreement with Hilton Worldwide for the operation and management of The Conrad Hotel in Guangzhou, a joint venture of the Group, Guangzhou R & F Properties Co., Ltd and Sun Hung Kai Properties Limited. These hotels are expected to commence business a few years down the road.

(2) Investment properties completed and available for lease

The Group continues to lease spaces on a highly selective basis in order to maintain the high-end and premium nature of IFP tenants since its commencement in 2007. As at 31 December 2011, the occupancy rate of IFP stood at above 99%. The tenants mainly included about 13 domestic and foreign banks, the Guangzhou offices of various multi-national corporations and diplomatic institutions such as the Italian Consulate.

BUSINESS OUTLOOK

While short-term market correction is a process that the property sector is bound to undergo, the fundamental demand for residential housing will remain given the rising per capita income, accelerating urbanisation and increasing demand for better living environment. As such, ongoing improvements in corporate governance, product competitiveness and general corporate strengths will be sought within the Group while, on the external front, proactive measures will be taken to address market changes and business opportunities will be taken on in a prudent and cautious manner going forward.

As at 31 December 2011. the Group's major projects located in Guangzhou, Suzhou, Chengdu, Beijing, Hainan, Shanghai and Tianjin.

Project	**District**	**Type of property**	**GFA attributable to the Group's Interest** *('000 sq.m.)*	**Interests attributable to the Group** *(%)*
Sky Ville	Guangzhou	Villas/residential/retail	74	100
International Creative Valley	Guangzhou	Office/serviced apartments/retail	76	100
The Summit	Guangzhou	Residential/villas/serviced apartments/ office/retail	2,460	100
L7 (Formerly called D3-4 project)	Guangzhou	Serviced apartments	34	100
J2-2 Project	Guangzhou	Office/retail	72	50
The Riviera	Guangzhou	Serviced apartments/office/hotel/retail	155	33.3
Foshan Project	Guangzhou	Residential/commercial	560	20
Biological Island Project	Guangzhou	Serviced apartments/retail	115	100
International Finance Place	Guangzhou	Office	61	100
Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	Hotel	35	100
Sheraton Guangzhou Huadu Resort	Guangzhou	Hotel	25	100
W Hotel/W serviced apartments	Guangzhou	Hotel/serviced apartments	80	100
The Sapphire	Suzhou	Residential/hotel/office/serviced apartments/retail	482	100
Suzhou Apex	Suzhou	Residential/hotel/retail/serviced apartments	402	90
Yinshan Lake Project	Suzhou	Residential/retail	160	100
The Vision of the World	Chengdu	Residential/serviced apartments/retail	285	100
Chengdu Cosmos	Chengdu	Residential/hotel/serviced apartments/ office/retail	749	100
Chengdu Jinjiang	Chengdu	Residential/commercial	450	50
Fragrant Seasons	Beijing	Residential/villas/serviced apartments/retail	346	100
Chong Wen Men Project	Beijing	Retail	16	100
Pearl Coast (Formerly called Lingshui project)	Hainan	Residential/villas/hotel	293	100
Moon Bay Project	Hainan	Residential/commercial	479	100
Pudong Project	Shanghai	Office	78	100
The Core of Center (Formerly called Putuo project)	Shanghai	Residential/serviced apartments/retail	79	50
Shanghai Apex (Formerly called Jiading E-06 project)	Shanghai	Residential/serviced apartments/retail	111	100
Amazing Bay (Formerly called New Jiang Wan project)	Shanghai	Residential/office/retail/hotel	135	50
Shanghai Sapphire (Formerly called Jiading D-07 project)	Shanghai	Serviced apartments/hotel	158	100
Shanghai Emerald (Formerly called Jiading Chengbei project)	Shanghai	Residential/retail	154	100
Jinnan New Town	Tianjin	Residential/villas/commercial	750	25

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2011, the Group employed a total of approximately 3,500 employees. The total staff costs incurred was approximately RMB281.9 million during the financial year ended 31 December 2011. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

During the year ended 31 December 2011, 7,351,000 share options had been granted by the Company to the grantees, including certain employees and directors of the Group on 26 August 2011. Total of 10,689,000 share options were cancelled and no share options were exercised or lapsed as at the date of approval of this results announcement. Detail of share option movement during the year ended 31 December 2011 will be stated in the coming annual report.

DIVIDEND

The Board of the Company has proposed the payment of a final dividend of RMB22 cents per ordinary share for the year ended 31 December 2011. The proposed final dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on or before 6 July 2012 to the shareholders whose names appear on the register of members of the Company on 18 June 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on 8 June 2012 ("2011 AGM"), the Register of Members of the Company will be closed on Monday, 4 June 2012 to Friday, 8 June 2012, both days inclusive. In order to qualify for attending and voting at the 2011 AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 1 June 2012.

(b) For the purpose of determining shareholders who qualify for the final dividend, the Register of Members of the Company will be closed on Thursday, 14 June 2012 to Monday, 18 June 2012, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 13 June 2012.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its code of conduct regarding directors' securities transactions. Specific enquiries have been made with all directors of the Company regarding any non-compliance with the Model Code and all directors of the Company confirmed that they have complied with the provisions of the Model Code during the financial year ended 31 December 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Group believes that sound and good corporate governance practices are not only key elements in enhancing investor confidence and the Company's accountability and transparency but also important to the Company's long-term success. The Group, therefore, strives to attain and maintain effective corporate governance practices and procedures. The Company has complied with the code provisions in the Code on Corporate Governance Practices (the "Code Provision") as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2011.

Audit Committee

The audit committee was established with written terms of reference in accordance with the Code Provision as set out in Appendix 14 to the Listing Rules. The audit committee reports to the Board and is delegated by the Board to assess matters related to the financial statements and to perform the duties, including but not limited to, reviewing the Company's financial controls and internal control, financial and accounting policies and practices and the relationship with the external auditor.

The audit committee comprises three members who are independent non-executive directors of the Company, namely Mr. Tam Chun Fai (the chairman), Mr. Lee Ka Sze Carmelo and Mr. Dai Feng.

The audit committee has reviewed the consolidated financial statements of the Company for the year ended 31 December 2011.

Remuneration Committee

The remuneration committee was established with written terms of reference in accordance with the Code Provision as set out in Appendix 14 to the Listing Rules. The principal responsibilities of the remuneration committee include but not limited to formulate and make recommendations on remuneration policy and remuneration package of the directors and members of senior management to the Board. The remuneration committee comprises an executive director, namely Mr. Kong Jian Min, and two independent non-executive directors, namely Mr. Tam Chun Fai and Mr. Dai Feng. Mr. Kong Jian Min is the chairman of the remuneration committee up to 28 February 2012.

Nomination Committee

The nomination committee was established on 11 June 2007. The nomination committee is responsible for, including but not limited to, reviewing the structure, size and composition of the Board and making recommendation to the Board on selection of candidates for directorships. The nomination committee comprises an executive director, namely Mr. Kong Jian Min, and two independent non-executive directors, namely Mr. Tam Chun Fai and Mr. Dai Feng. Mr. Kong Jian Min is the chairman of the nomination committee.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Board confirms that the Company has maintained a sufficient public float as required by the Listing Rules during the year under review.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

The results announcement of the Company for the year ended 31 December 2011 is published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at www.kwgproperty.com.

ANNUAL GENERAL MEETING ("AGM")

The 2011 AGM of the Company will be held on Friday, 8 June 2012 and the Notice of AGM will be published and dispatched in the manner as required by the Listing Rules.

CHANGE OF CHAIRMAN OF REMUNERATION COMMITTEE

The Board further announces that in order to comply with the forthcoming amendments to the Listing Rules which will be effective on 1 April 2012, Mr. Kong Jian Min will cease to be the chairman of the remuneration committee of the Company and Mr. Dai Feng has been appointed as chairman of the Remuneration Committee with effect from 28 February 2012. Mr. Kong shall remain as a member of the remuneration committee.

Consequent to the above, the remuneration committee shall henceforth comprise the following members:

Remuneration Committee

Mr. Dai Feng — *Chairman*
Mr. Kong Jian Min — *Member*
Mr. Tam Chun Fai — *Member*

By Order of the Board
KWG Property Holding Limited
Kong Jian Min
Chairman

Hong Kong, 28 February 2012

As at the date of this announcement, the executive Directors are Mr. Kong Jian Min (Chairman), Mr. Kong Jian Tao, Mr. Kong Jian Nan, Mr. Li Jian Ming, Mr. Tsui Kam Tim, Mr. He Wei Zhi and Mr. Yu Yao Sheng; and the independent non-executive Directors are Mr. Lee Ka Sze, Carmelo, Mr. Dai Feng and Mr. Tam Chun Fai.