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五礦建設有限公司*
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL RESULTS

The board of directors (“Directors”) of Minmetals Land Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2013, together with the comparative figures in 2012, as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 December 2013

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
Revenue	3	5,905,854	4,306,454
Cost of sales		(4,463,399)	(3,036,950)
Gross profit		1,442,455	1,269,504
Other gains, net	5	36,088	20,593
Fair value changes on investment properties		169,417	63,013
Selling and distribution costs		(184,907)	(150,178)
Administrative expenses		(448,244)	(293,295)
Finance income		62,404	91,271
Finance costs		(107,213)	(186,460)
Share of results of associated companies		55,262	(28,008)
Profit before tax		1,025,262	786,440
Income tax expense	6	(449,466)	(356,932)
Profit for the year	4	575,796	429,508
Profit for the year attributable to:			
Equity holders of the Company		476,832	273,804
Non-controlling interests		98,964	155,704
		575,796	429,508
Earnings per share for profit attributable to equity holders of the Company, in HK cents			
Basic	7	14.29	8.20
Diluted	7	14.26	8.19

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
Dividends	8	50,068	33,378

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit for the year	<u>575,796</u>	<u>429,508</u>
Other comprehensive income, net of income tax:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	306,357	2,196
Share of exchange differences of associated companies	<u>25,079</u>	<u>2,581</u>
	331,436	4,777
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
(Loss)/gain arising on revaluation of financial assets at fair value through other comprehensive income	<u>(20,742)</u>	<u>297,306</u>
Other comprehensive income for the year	<u>310,694</u>	<u>302,083</u>
Total comprehensive income for the year, net of income tax	<u>886,490</u>	<u>731,591</u>
Total comprehensive income for the year attributable to:		
Equity holders of the Company	742,420	574,849
Non-controlling interests	<u>144,070</u>	<u>156,742</u>
	<u>886,490</u>	<u>731,591</u>

Consolidated Statement of Financial Position

As at 31 December 2013

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		141,214	139,526
Investment properties		1,235,149	1,070,239
Goodwill		10,107	9,800
Interests in associated companies		853,073	772,732
Financial assets at fair value through other comprehensive income		622,269	643,011
Deferred tax assets		189,055	269,669
		<u>3,050,867</u>	<u>2,904,977</u>
Current assets			
Inventories		18,025,653	7,382,852
Amounts due from customers for contract work		200,334	51,212
Prepayments, trade and other receivables	9	1,914,110	4,411,632
Loan to an associated company		—	234,706
Cash and bank deposits, restricted		115,605	111,179
Cash and bank deposits, unrestricted		6,102,303	2,419,256
		<u>26,358,005</u>	<u>14,610,837</u>
Total assets		<u>29,408,872</u>	<u>17,515,814</u>
EQUITY			
Share capital		333,785	333,785
Reserves	10	7,403,746	6,671,326
Equity attributable to equity holders of the Company		7,737,531	7,005,111
Non-controlling interests		3,606,661	896,143
Total equity		<u>11,344,192</u>	<u>7,901,254</u>
LIABILITIES			
Non-current liabilities			
Borrowings		8,739,607	3,080,023
Deferred tax liabilities		97,748	131,337
Other liabilities		386	735
		<u>8,837,741</u>	<u>3,212,095</u>
Current liabilities			
Borrowings		1,412,171	1,901,227
Trade and other payables	11	5,536,742	2,853,231
Deferred revenue		2,023,791	1,393,349
Taxation payable		254,235	254,658
		<u>9,226,939</u>	<u>6,402,465</u>
Total liabilities		<u>18,064,680</u>	<u>9,614,560</u>
Total equity and liabilities		<u>29,408,872</u>	<u>17,515,814</u>
Net current assets		<u>17,131,066</u>	<u>8,208,372</u>
Total assets less current liabilities		<u>20,181,933</u>	<u>11,113,349</u>

Notes to the Consolidated Financial Statements

1. Organisation and operations

The Group is principally engaged in real estate development, specialised construction, property investment and securities investment. Hong Kong and the People's Republic of China (other than Hong Kong and Macau) (the “PRC”) are the major markets for the Group's businesses.

The Company is a limited liability company incorporated in Bermuda. The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated.

2. Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment policies and financial assets at fair value through other comprehensive income, which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

In the current year, the Group has applied, for the first time, certain new or revised HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle
Amendments to HKFRS 7	Disclosures - Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
Amendments to HKAS 1	Presentation of items of other comprehensive income
HKAS 19 (Revised 2011)	Employee benefits
HKAS 27 (Revised 2011)	Separate financial statements
HKAS 28 (Revised 2011)	Investments in associates and joint ventures
HK (IFRIC) - Int 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of the above new or revised HKFRSs in the current year has no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to “HKAS 1 Presentation of items of other comprehensive income”

The amendments to HKAS 1 “Presentation of items of other comprehensive income” introduce new terminology for the statement of comprehensive income. Under the amendments to HKAS 1, a “statement of comprehensive income” is renamed as a “statement of profit or loss and other comprehensive income” and an “income statement” is renamed as a “statement of profit or loss”. The amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The Group's "consolidated statement of comprehensive income" is renamed as "consolidated statement of profit or loss and other comprehensive income", "consolidated income statement" is renamed as "consolidated statement of profit or loss", and presentation of items of other comprehensive income has been modified accordingly.

HKFRS 10 "Consolidated financial statements"

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) - Int 12 "Consolidation - Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. The adoption of HKFRS 10 does not have any material impact on the Group's consolidated financial statements.

HKFRS 13 "Fair value measurement"

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the consolidated financial statements. In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement requirements prospectively. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

3. Segment information

(a) Operating segments

The chief operating decision maker has been identified as the executive Directors. The executive Directors review the Group's internal financial reports in order to assess performance and allocate resources. The executive Directors have determined the operating segments based on these reports as follows:

Real estate development:	Development of residential and commercial properties
Specialised construction:	Design, installation and selling of curtain walls and aluminium windows, doors and other materials
Property investment:	Holding of properties to generate rental income and to gain from the appreciation in the properties' values in the long-term
Securities investment:	Investment of securities

Revenue (represents turnover) comprised the following:

	2013	2012
	HK\$'000	HK\$'000
Sales of properties	4,734,704	3,411,470
Revenue from specialised construction contracts	1,109,648	838,143
Rental and management fee income from investment properties	61,502	56,841
	<u>5,905,854</u>	<u>4,306,454</u>

Segment revenue and results

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue										
Total segment revenue	4,734,704	3,411,470	1,123,117	872,228	63,456	58,464	—	—	5,921,277	4,342,162
Inter-segment revenue	—	—	(13,469)	(34,085)	(1,954)	(1,623)	—	—	(15,423)	(35,708)
Sales to external customers	<u>4,734,704</u>	<u>3,411,470</u>	<u>1,109,648</u>	<u>838,143</u>	<u>61,502</u>	<u>56,841</u>	<u>—</u>	<u>—</u>	<u>5,905,854</u>	<u>4,306,454</u>
Results										
Segment results	<u>979,510</u>	<u>903,873</u>	<u>(22,428)</u>	<u>(4,352)</u>	<u>223,196</u>	<u>108,607</u>	<u>16,072</u>	<u>9,205</u>	<u>1,196,350</u>	<u>1,017,333</u>
Unallocated corporate expenses, net									<u>(181,541)</u>	<u>(107,696)</u>
									<u>1,014,809</u>	<u>909,637</u>
Finance income									<u>62,404</u>	<u>91,271</u>
Finance costs									<u>(107,213)</u>	<u>(186,460)</u>
Share of results of associated companies									<u>55,262</u>	<u>(28,008)</u>
Profit before tax									<u>1,025,262</u>	<u>786,440</u>

Segment assets and liabilities

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets										
Segment assets	<u>24,639,097</u>	<u>12,032,328</u>	<u>926,416</u>	<u>813,630</u>	<u>1,247,270</u>	<u>1,099,505</u>	<u>622,269</u>	<u>643,011</u>	<u>27,435,052</u>	<u>14,588,474</u>
Unallocated corporate assets									<u>1,973,820</u>	<u>2,927,340</u>
Total assets									<u>29,408,872</u>	<u>17,515,814</u>
Liabilities										
Segment liabilities	<u>16,641,456</u>	<u>7,968,143</u>	<u>649,044</u>	<u>615,943</u>	<u>19,998</u>	<u>17,081</u>	<u>—</u>	<u>—</u>	<u>17,310,498</u>	<u>8,601,167</u>
Unallocated corporate liabilities									<u>754,182</u>	<u>1,013,393</u>
Total liabilities									<u>18,064,680</u>	<u>9,614,560</u>

Segment assets consist primarily of property, plant and equipment, investment properties, goodwill, inventories, receivables and operating cash but exclude items such as bank deposits for corporate use and deferred tax assets. Segment liabilities comprise all operating liabilities but exclude items such as taxation.

Other segment information

	Real estate development		Specialised construction		Property investment		Securities investment		Corporate		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interests in associated companies	853,073	772,732	—	—	—	—	—	—	—	—	853,073	772,732
Capital expenditures	1,429	8,544	6,150	2,268	881	87	—	—	389	326	8,849	11,225
Depreciation recognised in the consolidated statement of profit or loss	6,670	6,578	2,473	2,235	619	655	—	—	2,032	2,000	11,794	11,468
Fair value changes on investment properties	—	—	—	—	169,417	63,013	—	—	—	—	169,417	63,013
Impairment loss	—	—	3,191	1,448	—	—	—	—	—	—	3,191	1,448

(b) Geographical information

The Group operates its businesses in two main geographical areas:

Hong Kong: Specialised construction, property investment and securities investment

The PRC: Real estate development and specialised construction

In presenting geographical information, sales are presented based on the geographical locations of the customers. Total non-current assets are presented based on the geographical locations of the assets.

	Hong Kong		The PRC		Total	
	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
External sales	179,715	177,044	5,726,139	4,129,410	5,905,854	4,306,454
Total non-current assets	1,950,733	1,798,389	911,079	836,919	2,861,812	2,635,308

4. Profit for the year

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Advertising and other promotional costs	184,907	150,178
Cost of properties sold	3,385,048	2,229,136
Cost of specialised construction	1,068,601	795,272
Depreciation	11,794	11,468
Auditor's remuneration	3,730	4,175
Direct out-goings arising from investment properties that generated rental income	9,750	12,542
Employee benefit expense (including directors' emoluments)	165,385	118,660
Loss on disposal of property, plant and equipment	1,381	141
Legal and professional fees	18,140	9,744
Operating lease charges – minimum lease payment in respect of land and buildings	24,074	10,164
Provision for impairment of trade and other receivables	3,191	1,448
Net exchange loss	<u>38,125</u>	<u>2,188</u>

5. Other gains, net

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Government subsidies	12,949	8,562
Dividend income	16,133	9,219
Others	<u>7,006</u>	<u>2,812</u>
	<u>36,088</u>	<u>20,593</u>

6. Income tax expense

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group has no assessable profit for the year or has sufficient tax losses brought forward to offset current year's assessable profit (2012: Nil). PRC enterprise income tax has been calculated on the estimated assessable profit for the year derived in the PRC at the rate of 25% (2012: 25%).

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.

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current tax — PRC		
Enterprise income tax	214,788	410,557
Land appreciation tax	188,802	140,268
	<u>403,590</u>	<u>550,825</u>
Deferred tax	45,876	(193,893)
	<u>449,466</u>	<u>356,932</u>

7. Earnings per share – basic and diluted

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the year.

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 granted under the Company's share option schemes.

	2013	2012
Weighted average number of ordinary shares in issue (thousands shares)	3,337,853	3,337,847
Adjustment for share options (thousands shares)	7,041	6,168
Weighted average number of ordinary shares for diluted earnings per share (thousands shares)	<u>3,344,894</u>	<u>3,344,015</u>
Profit attributable to equity holders of the Company (HK\$'000)	<u>476,832</u>	<u>273,804</u>
Basic earnings per share (HK cents)	<u>14.29</u>	<u>8.20</u>
Diluted earnings per share (HK cents)	<u>14.26</u>	<u>8.19</u>

8. Dividends

The Directors recommend the payment of a final dividend of HK1.5 cents (2012: HK1 cent) per ordinary share. Such dividend is to be approved by the shareholders at the annual general meeting of the Company to be held on 29 May 2014. These consolidated financial statements do not reflect this dividend payable.

Dividend recognised as distribution during the year ended 31 December 2013 amounted to HK\$33,379,000 (2012: HK\$33,379,000).

9. Prepayments, trade and other receivables

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade and contract receivables, net (a)	763,470	755,748
Retention receivables	91,304	105,469
Deposits	502,908	267,743
Prepayments (b)	272,395	185,377
Prepayment for land cost (c)	239,728	2,912,101
Amount due from an associated company	–	128,761
Others	<u>44,305</u>	<u>56,433</u>
	<u>1,914,110</u>	<u>4,411,632</u>

- (a) The aging analysis of trade and contract receivables based on due date for rental receivables, date of properties delivered to buyers and billing date of construction services certified is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0 to 90 days	354,933	473,421
91 to 180 days	143,478	60,319
181 days to 1 year	68,274	68,316
1 year to 2 years	110,151	68,831
Over 2 years	<u>93,091</u>	<u>91,122</u>
	769,927	762,009
Less: provision for impairment	<u>(6,457)</u>	<u>(6,261)</u>
	<u>763,470</u>	<u>755,748</u>

No credit period is granted by the Group to customers in respect of trade and contract receivables.

Majority of trade and contract receivables are with customers having good repayment history and no default in the past.

- (b) As at 31 December 2013, prepayments include prepaid taxes and other charges of approximately HK\$252,821,000 (2012: HK\$133,519,000) in relation to the deferred revenue received.
- (c) As at 31 December 2013, prepayment for land cost represents payment to the PRC Bureau of Land and Resources for the acquisition of land in the PRC and the amount will be recognised as inventory upon issuance of Land Use Rights Certificates.

10. Reserves

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Employee share-based compensation reserve <i>HK\$'000</i>	Investments revaluation reserve <i>HK\$'000</i>	Revaluation reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 January 2012, as restated	4,267,687	598,783	769	4,149	(212,032)	1,314	65,348	305,661	1,140,190	6,171,869
Issue of shares	12	—	—	—	—	—	—	—	—	12
Employee share option benefits	—	—	—	1,356	—	—	—	—	—	1,356
Fair value gain on revaluation of financial assets at fair value through other comprehensive income	—	—	—	—	297,306	—	—	—	—	297,306
Acquisition of non-controlling interest in a subsidiary	—	—	—	—	—	—	(43,381)	—	—	(43,381)
Currency translation adjustments	—	—	—	—	—	—	—	3,739	—	3,739
2011 final dividend paid	—	—	—	—	—	—	—	—	(33,379)	(33,379)
Profit for the year	—	—	—	—	—	—	—	—	273,804	273,804
Balance as at 31 December 2012	4,267,699	598,783	769	5,505	85,274	1,314	21,967	309,400	1,380,615	6,671,326
Employee share option benefits	—	—	—	13,706	—	—	—	—	—	13,706
Fair value loss on revaluation of financial assets at fair value through other comprehensive income	—	—	—	—	(20,742)	—	—	—	—	(20,742)
Acquisition of non-controlling interest in a subsidiary	—	—	—	—	—	—	9,673	—	—	9,673
Currency translation adjustments	—	—	—	—	—	—	—	286,330	—	286,330
2012 final dividend paid	—	(33,379)	—	—	—	—	—	—	—	(33,379)
Profit for the year	—	—	—	—	—	—	—	—	476,832	476,832
Balance as at 31 December 2013	4,267,699	565,404	769	19,211	64,532	1,314	31,640	595,730	1,857,447	7,403,746

11. Trade and other payables

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade, bills and contract payables (a)	839,564	678,806
Retention payables	27,969	56,137
Accruals and other payables	1,793,103	2,017,767
Rental deposits received	16,648	14,166
Amounts due to non-controlling shareholders of subsidiaries	1,771,232	16,687
Amounts due to associated companies	1,088,226	69,668
	<u>5,536,742</u>	<u>2,853,231</u>

(a) The aging analysis of trade, bills and contract payables of the Group is as follows:

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	316,853	250,031
91 to 180 days	230,061	61,921
181 days to 1 year	31,781	58,526
1 year to 2 years	74,861	115,646
Over 2 years	186,008	192,682
	<u>839,564</u>	<u>678,806</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group showed continued solid performance across all of its business segments whilst achieving new milestones in its real estate development business in 2013. The Group's consolidated revenue increased by 37.1% to HK\$5,905.9 million (2012: HK\$4,306.5 million). Including the fair value gain on investment property of HK\$169.4 million (2012: HK\$63.0 million), net profit attributable to equity holders of the Company increased by 74.2% to HK\$476.8 million (2012: HK\$273.8 million), representing earnings per share of HK14.29 cents (2012: HK8.20 cents). The board of Directors (the "Board") has proposed a final dividend of HK1.5 cents (2012: HK1 cent) per share, representing an increase of 50% when compared to last year.

In 2013, real estate development segment achieved encouraging performance with revenue increased by 38.8% to HK\$4,734.7 million (2012: HK\$3,411.5 million). Revenue from specialised construction segment increased by 32.4% to HK\$1,109.7 million (2012: HK\$838.1 million) and rental income from property investment segment increased 8.1% to HK\$61.5 million (2012: HK\$56.9 million). Overall contracted sales and construction schedule were in line with the management's expectation, laying down a solid foundation of the Group's ongoing performance in the following years.

	Segment Revenue (Year ended 31 December)					Segment Results (Year ended 31 December)				
	2013		2012		Year-on year change %	2013		2012		Year-on year change %
	HK\$m	%	HK\$m	%		HK\$m	%	HK\$m	%	
Real estate development	4,734.7	80.2	3,411.5	79.2	38.8	979.5	81.9	903.9	88.8	8.4
Specialised construction	1,109.7	18.8	838.1	19.5	32.4	(22.4)	(1.9)	(4.4)	(0.4)	409.1
Property investment	61.5	1.0	56.9	1.3	8.1	223.2	18.7	108.6	10.7	105.5
Securities investment	—	—	—	—	—	16.1	1.3	9.2	0.9	75.0
Total	5,905.9	100.0	4,306.5	100.0	37.1	1,196.4	100.0	1,017.3	100.0	17.6

Gross profit of the Group increased 13.6% to HK\$1,442.5 million (2012: HK\$1,269.5 million), whilst the overall gross profit margin decreased 5.1 percentage points to 24.4% (2012: 29.5%), which was mainly due to the change in product mix of property sold and delivered as well as decrease in gross profit margin of specialised construction business.

During the year under review, selling and distribution costs of the Group rose 23.1% to HK\$184.9 million (2012: HK\$150.2 million), which was principally due to the increase in the number of projects launched and the significant expansion in scale, thereby driving the corresponding increase in the number of nationwide marketing and brand publicity activities. Administrative expenses of the Group rose 52.8% to HK\$448.2 million (2012: HK\$293.3 million) as a result of exchange loss, increase in managing more new and ongoing projects and continued business expansion throughout China. The Group's finance costs dropped 42.5% to HK\$107.2 million (2012: HK\$186.5 million), which was mainly due to a higher portion of interest expenses being capitalised as property under development in 2013.

REAL ESTATE DEVELOPMENT

Recognised Revenue

The table below summarises the recognised revenue by project for years 2012 and 2013:

	Year ended 31 December 2013			Year ended 31 December 2012		
	Recognised revenue	GFA sold	ASP	Recognised revenue	GFA sold	ASP
	(HK\$ million)	(sq.m)	(HK\$ per sq.m)	(HK\$ million)	(sq.m)	(HK\$ per sq.m)
Yingkou Platinum Bay	239.2	26,958	8,873	227.0	28,671	7,917
Tianjin Minmetals International	266.9	18,944	14,089	199.5	11,746	16,985
Nanjing Laguna Bay	95.7	7,404	12,925	364.7	30,818	11,834
Nanjing Riveria Royale	1,256.1	45,838	27,403	1,284.1	48,938	26,239
Nanjing Sello Royale	1,097.1	54,260	20,219	—	—	—
Changsha LOHAS International Community	797.4	100,114	7,965	435.4	59,257	7,348
Changsha Scotland Town	759.5	116,340	6,528	623.4	89,092	6,997
Huizhou Hallstatt See	214.2	17,737	12,076	273.5	23,147	11,816
Total	4,726.1	387,595	12,193	3,407.6	291,669	11,683

Contracted Sales

In 2013, the Group's total contracted sales increased by 20% to RMB6,011 million (2012: RMB5,003 million), the gross floor area contracted for sale posted an annual growth of 15% to approximately 448,000 square metres over 3,493 units (2012: 3,148 units). The average selling price rose 5% to RMB13,400 per square metre whilst the majority of the contracted sales of the Group were derived from Tier 1 and 2 cities.

The table below provides an analysis by project of contracted sales for years 2012 and 2013:

	Year ended 31 December 2013			Year ended 31 December 2012		
	Contracted amount	Contracted GFA	ASP	Contracted amount	Contracted GFA	ASP
	(RMB million)	(sq.m)	(RMB per sq.m)	(RMB million)	(sq.m)	(RMB per sq.m)
Beijing Fortune Garden	2,276	46,897	48,532	1,641	40,095	40,919
Yingkou Platinum Bay	202	27,492	7,328	128	18,617	6,858
Tianjin Minmetals International	231	19,428	11,900	164	11,530	14,253
Nanjing Laguna Bay	105	7,945	13,272	280	32,080	8,724
Nanjing Riveria Royale	405	16,243	24,957	936	41,316	22,645
Nanjing Sello Royale	1,052	71,179	14,781	400	29,809	13,424
Changsha LOHAS International Community	862	130,369	6,609	540	87,409	6,178
Changsha Scotland Town	550	95,824	5,741	500	88,369	5,664
Huizhou Hallstatt See	328	32,234	10,159	414	41,547	9,959
Total	6,011	447,611	13,429	5,003	390,772	12,802

Project Profiles

Location/Project	Site Area (sq.m)	Estimated GFA (sq.m)	Attributable interest to the Group
Pan Bohai Rim			
1. Beijing Fortune Garden	139,000	413,000	51.00%
2. Yingkou Platinum Bay	396,000	504,000	100.00%
3. Langfang Celebration City	395,000	622,000	50.00%
4. Tianjin Minmetals International	21,000	183,000	100.00%
Yangtze River Delta			
5. Nanjing Laguna Bay	310,000	310,000	71.00%
6. Nanjing Riveria Royale	73,000	222,000	98.88%
7. Nanjing Sello Royale	179,000	268,000	100.00%
8. Nanjing Grand Royale	136,000	487,000	66.67%
Central China			
9. Changsha LOHAS International Community	643,000	1,084,000	100.00%
10. Changsha Scotland Town	333,000	440,000	100.00%
11. Changsha Kaifu Project	150,000	448,000	100.00%
Pearl River Delta			
12. Huizhou Hallsatt See	984,000	1,154,000	80.00%

Beijing Fortune Garden

Fortune Garden is a residential development project located at Xibeiwang Town, Haidian District, Beijing. The development occupies an aggregate site area of approximately 139,000 square metres and has an aggregate planned gross floor area of approximately 413,000 square metres. The Group has planned two phases for this project. Development of Phase I commenced in October 2011. In December 2012, the project received the “International Award” by the British Association of Landscape Industries in recognition of its outstanding landscape design. The Group launched pre-sales of Phase I in December 2011 and it has been partially completed and delivered by the end of 2013. Remaining construction of Phase I is scheduled to complete by May 2014 and ready for delivery by the end of 2014. Construction of Phase II commenced in June 2013 and pre-sale was launched in July 2013 whilst its development is scheduled to be completed by June 2015.

Yingkou Platinum Bay

Platinum Bay is a residential development project that comprises planned condominium units and villas. It is located at Liaoning (Yingkou) Coastal Industrial Base, Yingkou City, Liaoning Province. The development occupies an aggregate site area of approximately 396,000 square metres and has an aggregate planned gross floor area of approximately 504,000 square metres. The Group has planned six phases for the project. Development of Phases I and II commenced in December 2010 and April 2011 respectively and it was completed in December 2012. Construction of Phase III shall commence by March 2014 and the remaining three phases are currently under planning.

Langfang Celebration City

Celebration City is located in Xianghe County, Langfang, Hebei Province, and the land parcels were acquired in May 2012. This residential development project occupies an aggregate site area of approximately 395,000 square metres. The project has a planned aggregate gross floor area of approximately 622,000 square metres and is currently under building design stage. The first phase of the development is planned to commence pre-sale in the fourth quarter of 2014.

Tianjin Minmetals International

Minmetals International is a mixed commercial and residential development project located on the east side of Yingbin Main Road and the south side of Tuochang Road in Tanggu District, Tianjin. This project is comprised of office space, apartments and retail stores as well as car-parking spaces. The development occupies an aggregate site area of approximately 21,000 square metres and has a planned aggregate gross floor area of approximately 183,000 square metres. All development works of this project have basically completed. So far, 69% of the gross saleable floor area including car-parking lots were sold.

Nanjing Laguna Bay

Laguna Bay is a fairly mature project, which located at the juncture of Xue Si Road and Xue Qi Road, Science Park, Jiangning District, Nanjing, Jiangsu Province. Having completed the development of this residential project over three phases, it is comprised of terrace houses, high-rise apartments, low-rise villas together with a three-storey commercial building. The project occupies an aggregate site area of approximately 310,000 square metres including the lake area and has an aggregate planned gross floor area of approximately 310,000 square metres. It features two lakes and an open green space at the centre of the development, supplemented with neighbouring land totaling 20 acres which is reserved for education purposes and other ancillary facilities. All development works of this project have basically completed. So far, 92% of the gross saleable floor area including car-parking lots was sold. It is noteworthy that this project has successfully established a high benchmark in Nanjing and the Group has gained considerable market recognition in the region.

Nanjing Riveria Royale

Riveria Royale is the Group’s second residential development project in Nanjing, which comprises villas, apartments and LOFT units aiming at the high-end market. It has ancillary facilities including a central park and a club house of approximately 12,000 square metres and approximately 2,000 square metres respectively. The project is located at Mengdu Avenue, Jianye District, Nanjing, Jiangsu Province. It occupies an aggregate site area of approximately 73,000 square metres and has an aggregate planned gross floor area of approximately 222,000 square metres. All development works of this project have basically completed. So far, 98% of the gross saleable floor area including car-parking lots was sold.

In August 2013, the Group acquired 48.53% equity interest in the joint venture for the development of this project from the joint venture partner, ASPF II Sapphire GmbH, (“Fund”), which symbolises the Fund’s final exit. This landmark transaction is a testimony of the Group’s strong execution capability on both the financing and project management front, resulting in a win-win situation for both parties in the partnership.

Nanjing Sello Royale

Sello Royale is the Group’s third residential development project in Nanjing, which located at Hongjing Road, Science Park, Jiangning District, Nanjing, Jiangsu Province. It occupies an aggregate site area of approximately 179,000 square metres and has an aggregate planned gross floor area of approximately 268,000 square metres. The project is planned for development of villas and low-rise apartments. Construction of the project commenced in April 2012. Pre-sales of the project began in December 2012 and the contracted average selling price in 2013 recorded growth of over 10% as compared to 2012. Further development and marketing of this project is expected in 2014, and the outlook for this project remains largely optimistic.

Nanjing Grand Royale

Grand Royale is the Group’s fourth and latest residential development project in Nanjing, which is located at Hexi New City Zone, Nanjing, Jiangsu Province, approximately 5 kilometres from the Nanjing Olympic Sports Centre, the main stadium for the Nanjing 2014 Summer Youth Olympic Games. The project occupies an aggregate site area of approximately 136,000 square metres and has an aggregate planned gross floor area of approximately 487,000 square metres. The Group has planned two phases for the project. Development of Phase I commenced in the third quarter of 2013 which is expected to complete in the first half of 2015 with pre-sale being scheduled to launch in the second quarter of 2014. Development of Phase II is scheduled to commence in the first quarter of 2014.

In October 2013, the Group formed a joint venture with China Resources SZITIC Trust Co., Ltd (華潤深國投信託有限公司) in which the latter injected RMB1.8 billion into this project and hold approximately 33.33% of the enlarged registered capital of the joint venture company.

Changsha LOHAS International Community

LOHAS International Community is a large-scale residential development project with ancillary facilities, such as clubhouse, shops, car-parking lots, schools and landscaped garden. Located at Gaoyun Road, Muyun Town, Changsha County, Hunan Province, the project occupies an aggregate site area of approximately 643,000 square metres, including a private lake of 30,000 square metres. The project has a total planned gross floor area of approximately 1,084,000 square metres. The Group has planned five phases for this project. Development of Phases I and II was completed in December 2010. Phase III commenced in May 2011 and completed in August 2013. Development of Phase IV commenced in March 2013 and is scheduled to complete by the end of 2014. Development of Phase V commenced in December 2013 and is scheduled to be completed by the first half of 2016. So far, 82% of the gross saleable floor area including car-parking lots were sold.

Changsha Scotland Town

Scotland Town is a residential development project located at Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province, and is adjacent to LOHAS International Community project. The development occupies an aggregate site area of approximately 333,000 square metres. and has a total planned gross floor area of approximately 440,000 square metres. The Group has planned two phases for this project. Development of phase I commenced in 2008 and completed in August 2011. Development of Phase II commenced in April 2011 and reached completion in November 2013. So far, 97% of the gross saleable floor area including car-parking lots were sold.

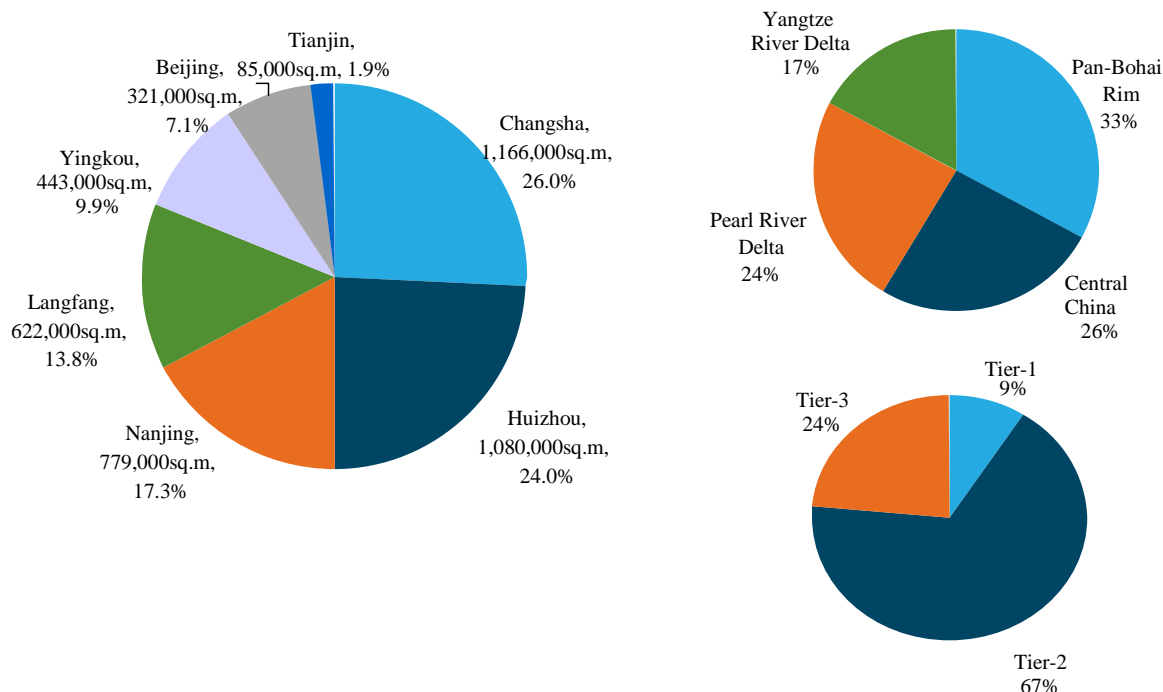
Huizhou Hallstatt See

Hallstatt See is located in Boluo County, Huizhou City, Guangdong Province and is in close proximity to many amenities including golf course. Surrounded by mountains and a 20-acre lake, the development occupies an aggregate site area of approximately 984,000 square metres and has a total planned gross floor area of approximately 1,154,000 square metres. In January 2013, the project was given an award for its innovative cultural and resort real estate model (文化與旅遊度假地產模式創新大獎) in the 10th Annual Real Estate Billboard event hosted by the China Commercial Real Estate Commission. The project will be developed over seven phases where Phases I, II and III are under construction. The entire project is scheduled to complete by the end of 2019.

Land Bank

The Group has adopted a progressive approach in its land acquisitions with an aspiring strategy in its PRC real estate development operations. During 2013, the Group won the bidding for the land use right of several residential and mixed use sites in Nanjing and Changsha, and added an aggregate developable gross floor area of approximately 1 million square metres to its land bank. As at 31 December 2013, the Group had a land bank developable in gross floor area of approximately 4.5 million square metres across 12 development projects in 7 cities located in Mainland China, including Beijing, Yingkou, Langfang, Tianjin, Nanjing, Changsha and Huizhou.

Land Bank Composition



Newly Acquired Land Reserves

Throughout 2013, the Group has added two new development projects and the developable gross floor area of land bank increased by approximately 1 million square metres. The costs for newly acquired land amounted to approximately RMB5.3 billion and the average cost for new land bank is approximately RMB5,600 per square metre. It is expected that the property market in mainland China will continue to be competitive in 2014. In order to achieve a rapid and sustainable development, the Group will focus on acquiring new land bank in core Tier 2 cities with a target of approximately one to two million square metres of gross floor area each year.

City	Project Name ⁽¹⁾	Property Type ⁽²⁾	Site area	Total GFA ⁽³⁾	Total Cost	Average Land Cost
			(sq.m)	(sq.m)	(RMB billion)	(RMB per sq.m)
Nanjing	Grand Royale	R	136,000	487,000	3.9	8,000
Changsha	Changsha Kaifu Project	R & C	150,000	448,000	1.4	3,100
Total			286,000	935,000	5.3	5,600

(1) Project names may be subject to change.

(2) Property type includes Commercial "C" and Residential "R".

(3) Total GFA for the entire project includes GFA pending the grant of land use rights. GFA includes saleable and non-saleable GFA. Saleable GFA represents the GFA of a property which we intend to sell. Non-saleable GFA represents the GFA of a property that is not for sale and largely includes ancillary facilities.

(4) Figures are based on our internal records and estimates.

SPECIALISED CONSTRUCTION

The Group is engaged in the business of specialised construction mainly encompassing the services of design, production and installation of curtain walls system via two wholly-owned subsidiaries, namely Minmetals Condo (Shanghai) Construction Co., Ltd. for the PRC market and Minmetals Condo (Hong Kong) Engineering Company Limited for the Hong Kong market. In 2013, revenue derived from this operating segment showed an increase of 32.4% and its operating results, net of intra-group transactions, showed an operating loss of HK\$22.4 million, as compared to HK\$4.4 million in 2012.

Looking ahead, as further urbanisation in PRC is underway, the development of integrated mixed use commercial complexes comprises office, retail and entertainment facilities, as well as continuing growth in tourism, hospitality and recreation sector shall constitute a good macro environment for sustainable growth in the curtain wall business, and supply of new construction works is expected to be steady or higher. However, cost control, shortage of skilled labour and fierce competition will need to be managed on an ongoing basis.

PROPERTY INVESTMENT

The Group's investment property portfolio in Hong Kong comprises two commercial office buildings; namely the ONFEM Tower in Central and the China Minmetals Tower in Tsimshatsui, plus four residential units, all of which are located in Hong Kong with a total gross floor area of 15,826 square metres. In 2013, revenue from this operating segment showed an increase of 8.1%, rising from HK\$56.9 million in 2012 to HK\$61.5 million, excluding HK\$2.0 million (2012: HK\$1.6 million) generated from inter-company transactions. Such performance is attributable to the generally strong momentum of the Hong Kong's property market during the year, demonstrated by higher rental revisions and higher occupancy in all premises.

STRATEGIES AND PROSPECTS

The Board has full confidence about the prospects for the Group and its own capabilities. In the past five years, despite the impact of global financial crisis and administrative tightening in the PRC real estate sector, the Group achieved a compound annual growth rate of 27.6% in its net profit, demonstrating the Group's strength and capabilities in executing its strategy.

In 2014, we expect the PRC real estate market to be ever-challenging with more localised regulatory measures and greater industry competition. The overall land market performance shall maintain solid, given the sector's enhanced cash position from low interest environment in 2013. With a clear land replenishment strategy after a revamped of the Group's corporate strategy, we will continue to pursue growth by leveraging the success and committed support of the controlling shareholder to optimising regional coverage. We will focus on buying the better located high quality sites situated in core Tier 1 and 2 cities with lower land premium and high future sales growth potential. In order to augment gross profit margin, the Group will strive to launch new projects on a strategic and timely basis. With our dedicated management team and ample financial resources, the Group is highly confident in achieving further growth and maximising the value of its core businesses.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to derive funds primarily from cash generated from business operations, bank borrowings and bond issuance. In 2013, substantial cash flow had been generated from the Group's various business activities which, coupled with the significant banking facilities, had provided a strong financial resources for the Group. As at the end of 2013, total cash and bank balances of the Group stood at HK\$6,217.9 million (2012: HK\$2,530.4 million), 145.7% higher than the corresponding figure in 2012.

As at 31 December 2013, cash and bank deposits of the Group excluding restricted cash and bank deposits were HK\$6,102.3 million (2012: HK\$2,419.3 million), of which 88.7%, 3.1%, 8.2% (2012: 81.6%, 14.8%, 3.6%) were denominated in Renminbi, Hong Kong dollar and United States dollar respectively.

Borrowings constitute another source of funding to finance the Group's operations and real estate development projects. Total borrowings of the Group amounted to HK\$10,151.8 million (2012: HK\$4,981.3 million) which mainly comprised borrowings from banks and bond issuance. In April 2013, the Group successfully completed its debut issuance of a United States dollar bond with dual tenor of 5 year and 10 year in an aggregate sum of US\$350 million. In July 2013, the Group successfully secured a 3-year syndication loan of HK\$3.8 billion, followed by a 5-year syndication loan of HK\$5.3 billion in December 2013.

The Group has substantial financial facilities at its disposal having a combined banking facility of HK\$10,812.9 million as at the end of 2013, as compared with HK\$5,857.6 million in 2012. Unutilised banking facilities of the Group amounted to HK\$3,208.7 million as at 31 December 2013 (2012: HK\$1,951.8 million). The gearing ratio of net debt to total equity of the Group as at 31 December 2013 was 34.7% (2012: 31.0%). It is an ongoing management undertaking to monitor the financial and capital structures of the Group and at present, management considers that the debt to equity ratio of the Group remain within an acceptable range.

Maturity profile of the Group's borrowings is as follows:

	31 December 2013		31 December 2012	
	HK\$ million	%	HK\$ million	%
Within one year	1,412.2	13.9	1,901.3	38.2
In the second to fifth year	7,783.0	76.7	3,080.0	61.8
In the fifth to tenth year	956.6	9.4	-	-
Total	10,151.8	100.0	4,981.3	100.0

The currency profile of the Group's borrowings is as follows:

	31 December 2013		31 December 2012	
	HK\$ million	%	HK\$ million	%
Renminbi	734.9	7.2	1,683.8	33.8
Hong Kong Dollar	6,738.4	66.4	3,297.5	66.2
United States Dollar	2,678.5	26.4	-	-
Total	10,151.8	100.0	4,981.3	100.0

Finance costs charged to the profit or loss for the year ended 31 December 2013 amounted to HK\$107.2 million (2012: HK\$186.5 million) after capitalisation of HK\$381.2 million (2012: HK\$99.5 million) into properties under development.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

During the year under review, most of the Group's revenues and costs were denominated in both Hong Kong dollar and Renminbi. The Group is exposed to exchange rate risk on transactions that are denominated in a currency other than Hong Kong dollar, the reporting and functional currency of the Company. The Group has not implemented or entered into any foreign exchange hedging arrangement to manage its exchange rate risk during the year.

CHARGES ON GROUP ASSETS

As at 31 December 2013, certain assets of the Group were pledged as securities for the Group's banking facilities and these pledged assets of the Group included:

- i. investment properties with carrying amounts of approximately HK\$1,205.1 million (2012: HK\$1,042.7

- million);
- ii land and buildings of approximately HK\$83.0 million (2012: HK\$78.9 million); and
 - iii properties under development with carrying amounts of approximately HK\$1,583.9 million (2012: HK\$1,124.6 million).

FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

As at 31 December 2013, guarantees given to banks for mortgage facilities granted to certain buyers of the Group's properties amounted to HK\$2,986,434,000 (2012: HK\$1,788,473,000). Such guarantees will terminate upon the earlier of (i) issuance of the property ownership certificate which are generally be available within one year after the buyers take possession of the relevant properties; or (ii) satisfaction of mortgage loan by the buyers. Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest owed by the defaulted buyers to the banks and the Group is entitled to take possession of the related properties. Under such circumstances, the Group is able to retain the property sales proceeds previously received from the customers and sell the property to recover any amounts paid by the Group to the banks, therefore, the Directors consider that no provision is required in the consolidated financial statements for the guarantees.

As at 31 December 2013, the Company had executed corporate guarantees amounting to approximately HK\$9,220,425,000 (2012: HK\$5,090,425,000) to various banks in respect of banking facilities extended to subsidiaries. As at 31 December 2013, the utilised facilities, under which corporate guarantees from the Company were given, amounted to approximately HK\$6,826,400,000 (2012: HK\$3,377,071,000). The Company considers that the default risk is minimal because the subsidiaries are financially capable and management does not expect any losses from non-performance of the subsidiaries.

EMPLOYEES

Our staff force is the Group's major assets and we have placed paramount attention in the recruitment, development and retention of suitable talents in coping with the Group's ongoing business endeavours. During the year, the Group's work force including executive Directors has declined from 1,090 at the beginning of the year to 995 as at 31 December 2013. This is mainly due to the restructuring in our specialised construction and property management team, as we strive to improve the overall efficiency of the staff force by outsourcing some of the non-core services. We are thankful for our employees' commitment and hard work during the year and will continue to adopt a remuneration policy in line with market practice in all localities in which it operates, to ensure our compensation levels are commensurate with if not exceeding market level. Total remuneration and benefits of the directors and staff of the Group for the year ended 31 December 2013 were HK\$246.8 million (2012: HK\$180.5 million).

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 29 May 2003 (the "2003 Share Option Scheme") has expired on 28 May 2013. Share options granted under the 2003 Share Option Scheme prior to its expiration shall continue to be valid and exercisable in accordance with their terms of issue.

At the annual general meeting of the Company held on 7 June 2013, the Company adopted a new share option scheme (the "2013 Share Option Scheme") to recognise and acknowledge eligible persons for their contribution or potential contribution to the Group. The 2013 Share Option Scheme shall remain in force for 10 years from its adoption date. Details of the 2013 Share Option Scheme will be set out in the 2013 annual report of the Company.

As at 31 December 2013, there were 65,102,001 (2012: 69,307,334) outstanding share options granted under the 2003 Share Option Scheme. No share options have yet been granted by the Company pursuant to the 2013 Share Option Scheme.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK1.5 cents (2012: HK1 cent) per share payable in cash to shareholders whose names appearing on the register of members of the Company on Wednesday, 11 June 2014.

The dividend cheques will be distributed to shareholders on or about Friday, 27 June 2014.

ANNUAL GENERAL MEETING

An annual general meeting of the shareholders of the Company is convened to be held on Thursday, 29 May 2014 (the "2014 AGM"). The notice of the 2014 AGM forms part of the circular to shareholders of the Company will be despatched together with the 2013 annual report.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Tuesday, 27 May 2014 to Thursday, 29 May 2014 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining shareholders' entitlement to attend and vote at the 2014 AGM.

In order to qualify to attend and vote at the 2014 AGM, all share certificates with completed transfer forms must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 26 May 2014.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Monday, 9 June 2014 to Wednesday, 11 June 2014 (both days inclusive), for the purpose of determining shareholders' entitlement to the proposed final dividend.

In order to qualify for the proposed final dividend, all share certificates with completed transfer forms must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 6 June 2014.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

In the opinion of the Directors, throughout the year ended 31 December 2013, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviation:

Code provision A.4.2 requires that all directors appointed to fill a casual vacancy in listed companies be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Instead of having elected at the first general meeting, Directors appointed by the Company to fill a casual vacancy would be subject to election at the first annual general meeting after their appointment. Besides, all Directors are subject to retirement by rotation in the manner as set out in the said code provision save for the Chairman and the Managing Director of the Company where they are not required to do so pursuant to the private company act 1991

by which the Company was incorporated.

Code for Securities Transactions by Directors

The Company has established a set of guidelines as its own “Rules and Procedures for Directors and Relevant Employees of the Company in respect of Dealings in Securities of the Company” (the “Rules for Securities Transactions”) on terms no less exacting than those contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Having made specific enquiries of all Directors, they had confirmed in writing that they had complied with the Rules for Securities Transactions throughout the year ended 31 December 2013.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has discussed with the management of the Company and the Group’s auditor, Messrs. Deloitte Touche Tohmatsu on the consolidated financial statements of the Group for the year ended 31 December 2013 and also reviewed accounting principles and practices adopted by the Group, internal control and other financial reporting matters. The consolidated financial statements of the Group for the year ended 31 December 2013 has been recommended by the audit committee of the Company to the Board for approval.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2013 as set out in this announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmastu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmastu 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 HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmastu on this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2013.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises nine Directors, namely Mr. Sun Xiaomin as the Chairman and a non-executive Director, Mr. He Jianbo as the Deputy Chairman, Managing Director and an executive Director, Mr. Yin Liang and Ms. He Xiaoli as executive Directors, Mr. Tian Jingqi and Mr. Liu Zeping as non-executive Directors, and Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, aria as independent non-executive Directors.

By order of the Board

He Jianbo

Deputy Chairman and Managing Director

Hong Kong, 21 March 2014

The Company’s 2013 annual report containing, inter alia, the corporate governance report, the report of the directors and the consolidated financial statements for the year ended 31 December 2013 will be published on the Company’s website at www.minmetalsland.com and the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk in due course.

* *For identification purpose only*