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 2012

FINANCIAL RESULTS

The board of directors ("Directors") of Minmetals Land Limited (the "Company") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012, together with the comparative figures prepared under Hong Kong Financial Reporting Standards ("HKFRS"), as follows:

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MINMETALS LAND LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Minmetals Land Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 4 to 69, which comprise the consolidated and Company balance sheets as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2013

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	**2012**	2011
		HK$'000	HK$'000
			(Restated)
Revenue	5	**4,306,454**	5,329,279
Cost of sales	6	**(3,036,950)**	(3,638,355)
Gross profit		**1,269,504**	1,690,924
Other gains	7	**20,593**	82,884
Fair value gain on investment properties	15	**63,013**	55,844
Selling and distribution costs	6	**(150,178)**	(148,289)
Administrative expenses	6	**(293,295)**	(296,744)
Operating profit		**909,637**	1,384,619
Finance income	9	**91,271**	79,591
Finance costs	9	**(186,460)**	(31,119)
Share of results of associated companies	18	**(28,008)**	(20,426)
Profit before tax		**786,440**	1,412,665
Tax charge	10	**(356,932)**	(640,758)
Profit for the year		**429,508**	771,907
Attributable to:			
Equity holders of the Company	11	**273,804**	610,549
Non-controlling interests		**155,704**	161,358
		429,508	771,907
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK cents per share):			
Basic	12	**8.20**	18.29
Diluted	12	**8.19**	18.25
Dividends	13	**33,378**	33,378

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 **HK$'000**	2011 HK$'000 (Restated)
Profit for the year	**429,508**	771,907
Other comprehensive income		
Gain/(loss) arising on revaluation of financial assets at fair value through other comprehensive income	**297,306**	(193,595)
Currency translation differences	**4,777**	245,220
	302,083	51,625
Total comprehensive income for the year, net of tax	**731,591**	823,532
Attributable to:		
Equity holders of the Company	**574,849**	614,351
Non-controlling interests	**156,742**	209,181
	731,591	823,532

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December		As at 1 January
		2012	2011	2011
		HK$'000	HK$'000	HK$'000
			(Restated)	(Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	14	**139,526**	139,949	86,459
Investment properties	15	**1,070,239**	1,007,189	970,829
Goodwill	16	**9,800**	9,801	11,712
Interests in associated companies	18(a)	**772,732**	235,859	200,490
Available-for-sale financial assets		**-**	-	539,300
Financial assets at fair value through other comprehensive income	22	**643,011**	345,705	-
Deferred tax assets	28	**269,669**	93,342	102,175
		2,904,977	1,831,845	1,910,965
Current assets				
Inventories	19	**7,382,852**	7,492,558	5,845,239
Gross amounts due from customers for contract work	20	**51,212**	9,144	1,251
Prepayments, trade and other receivables	21	**4,411,632**	3,559,717	4,409,468
Loan to an associated company	18(b)	**234,706**	962,500	-
Loan to a non-controlling shareholder of a subsidiary		**-**	156,655	-
Cash and bank deposits, restricted	23	**111,179**	163,513	113,075
Cash and bank deposits, unrestricted	24	**2,419,256**	2,858,547	3,249,850
		14,610,837	15,202,634	13,618,883
Total assets		**17,515,814**	17,034,479	15,529,848
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	25	**333,785**	333,782	333,534
Reserves	26	**6,671,326**	6,171,869	5,590,777
		7,005,111	6,505,651	5,924,311
Non-controlling interests		**896,143**	746,400	356,476
Total equity		**7,901,254**	7,252,051	6,280,787

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	As at 31 December		As at 1 January
		2012	2011	2011
		HK$'000	HK$'000	HK$'000
			(Restated)	(Restated)
LIABILITIES				
Non-current liabilities				
Borrowings	27	**3,080,023**	2,459,123	571,704
Deferred tax liabilities	28	**131,337**	149,466	217,845
Other liabilities		**735**	606	570
		3,212,095	2,609,195	790,119
Current liabilities				
Borrowings	27	**1,901,227**	2,773,096	3,493,026
Trade and other payables	29	**2,853,231**	2,794,223	2,163,147
Deferred revenue		**1,393,349**	1,316,459	2,598,742
Current tax payable		**254,658**	289,455	204,027
		6,402,465	7,173,233	8,458,942
Total liabilities		**9,614,560**	9,782,428	9,249,061
Total equity and liabilities		**17,515,814**	17,034,479	15,529,848
Net current assets		**8,208,372**	8,029,401	5,159,941
Total assets less current liabilities		**11,113,349**	9,861,246	7,070,906

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	**2012 HK$'000**	2011 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	17(a)	**2,847,137**	2,637,329
Current assets			
Amounts due from subsidiaries	17(b)	**5,146,697**	3,917,006
Other receivables	21	**860**	1,108
Cash and bank deposits, unrestricted	24	**18,234**	338,574
		5,165,791	4,256,688
Total assets		**8,012,928**	6,894,017
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	**333,785**	333,782
Reserves	26	**4,718,313**	4,526,243
Total equity		**5,052,098**	4,860,025
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	17(b)	**2,946,268**	2,002,875
Accrued liabilities and other payables	29	**14,562**	31,117
Total liabilities		**2,960,830**	2,033,992
Total equity and liabilities		**8,012,928**	6,894,017
Net current assets		**2,204,961**	2,222,696
Total assets less current liabilities		**5,052,098**	4,860,025

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Attributable to equity holders of the Company				
	Share capital HK$'000	Reserves HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance as at 1 January 2011, as previously reported	333,534	5,589,336	5,922,870	356,476	6,279,346
Prior year adjustment in respect of change in accounting policy	-	1,441	1,441	-	1,441
Balance as at 1 January 2011, as restated	333,534	5,590,777	5,924,311	356,476	6,280,787
Total comprehensive income for the year, net of tax	-	614,351	614,351	209,181	823,532
Transactions with owners					
Issue of shares	248	869	1,117	-	1,117
Contributions from non-controlling shareholders	-	-	-	180,743	180,743
Liquidation of subsidiaries	-	(1,629)	(1,629)	-	(1,629)
Employee share option benefits	-	876	876	-	876
2010 final dividend paid	-	(33,375)	(33,375)	-	(33,375)
	248	(33,259)	(33,011)	180,743	147,732
Balance as at 1 January 2012, as restated	333,782	6,171,869	6,505,651	746,400	7,252,051
Total comprehensive income for the year, net of tax	**-**	**574,849**	**574,849**	**156,742**	**731,591**
Transactions with owners					
Issue of shares	**3**	**12**	**15**	**-**	**15**
Acquisition of non-controlling interest in a subsidiary	**-**	**(43,381)**	**(43,381)**	**(61,123)**	**(104,504)**
Contributions from non-controlling shareholders	**-**	**-**	**-**	**54,124**	**54,124**
Employee share option benefits	**-**	**1,356**	**1,356**	**-**	**1,356**
2011 final dividend paid	**-**	**(33,379)**	**(33,379)**	**-**	**(33,379)**
	3	**(75,392)**	**(75,389)**	**(6,999)**	**(82,388)**
Balance as at 31 December 2012	**333,785**	**6,671,326**	**7,005,111**	**896,143**	**7,901,254**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	**2012** **HK$'000**	2011 HK$'000
Operating activities			
Cash generated from operations	31	**294,237**	201,006
Interest paid		**(285,988)**	(236,763)
Income tax paid		**(567,356)**	(520,763)
Net cash used in operating activities		**(559,107)**	(556,520)
Investing activities			
Acquisition of additional interest of a subsidiary		**(104,504)**	-
Addition of investment properties		**(37)**	(1,516)
Purchase of property, plant and equipment		**(11,188)**	(16,677)
Repayment of/(increase in) loan to a non-controlling shareholder of a subsidiary		**156,655**	(156,655)
Repayment of/(increase in) loan to an associated company		**727,794**	(962,500)
Investments in associated companies		**(562,300)**	(42,562)
Interest received		**91,271**	79,591
Net cash generated from/(used in) investing activities		**297,691**	(1,100,319)
Financing activities			
Net proceeds from issue of shares		**15**	1,117
Contributions from non-controlling shareholders		**54,124**	180,743
New borrowings		**1,355,809**	2,847,860
Repayment of borrowings		**(1,606,778)**	(1,680,371)
Decrease/(increase) in cash and bank deposits, restricted		**52,334**	(50,438)
Dividends paid to the Company's shareholders		**(33,379)**	(33,375)
Net cash (used in)/generated from financing activities		**(177,875)**	1,265,536
Decrease in cash and cash equivalents		**(439,291)**	(391,303)
Cash and cash equivalents at beginning of the year		**2,858,547**	3,249,850
Cash and cash equivalents at end of the year	24	**2,419,256**	2,858,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Organisation and operations

Minmetals Land Limited (the "Company") and its subsidiaries (collectively, 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.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 27 March 2013.

2 Summary of significant accounting policies

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.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through other comprehensive income.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(i) Amendment to standard adopted by the Group

The HKICPA has amended HKAS 12, "Income Taxes", to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012.

The Group has adopted this amendment retrospectively for the financial year ended 31 December 2012 and the effects of adoption are disclosed as follows.

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) Amendment to standard adopted by the Group (Continued)

As disclosed in Note 15, the Group has investment properties measured at their fair values totaling HK$1,007,189,000 (1 January 2011: HK$970,829,000) as of 1 January 2012. As required by the amendment, the Group has re-measured the deferred tax relating to certain investment properties amounting to HK$1,566,000 as of 1 January 2012 according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. The comparative figures for 2011 have been restated to reflect the change in accounting policy. The effect of adoption of this amendment is as below.

	31 December 2012 HK$'000	31 December 2011 HK$'000	1 January 2011 HK$'000
Effect on consolidated balance sheet			
Decrease in deferred tax liabilities	4,485	1,566	1,441
Increase in retained earnings	4,485	1,566	1,441

	Year ended 31 December 2012 HK$'000	2011 HK$'000
Effect on consolidated income statement		
Decrease in income tax expense	2,919	125
Increase in net profit attributable to equity holders of the company	2,919	125
Increase in basic EPS	0.09 HK cents	-
Increase in diluted EPS	0.09 HK cents	-

The adoption of other amendments to standards which are effective for the financial year ended 31 December 2012 has no material impact on the consolidated financial statements of the Group.

(ii) New standards and amendments to standards not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

Amendment to HKAS 1, "Financial statement presentation" regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(ii) New standards and amendments to standards not yet adopted (Continued)

HKFRS 13, “Fair value measurement”, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

HKFRS 10, “Consolidated financial statements”, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption of this new standard is not expected to have any significant impact on the Group’s financial statements.

HKFRS 12, “Disclosures of interests in other entities”, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The adoption of this new standard is not expected to have any significant impact on the Group’s financial statements.

2 Summary of significant accounting policies (Continued)

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(a) Business combinations

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expenses as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 Summary of significant accounting policies (Continued)

(b) Consolidation (Continued)

(i) Subsidiaries (Continued)

(a) Business combinations (Continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Separate financial statements

In the Company balance sheet, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee’s net assets including goodwill.

2 Summary of significant accounting policies (Continued)

(b) Consolidation (Continued)

(ii) Associated companies

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associated companies are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associated companies include goodwill identified on acquisition.

If the ownership interest in associated companies is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognises the amount adjacent to "share of results of an associated company" in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associated company are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associated companies. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising from investments in associated companies are recognised in the income statement.

2 Summary of significant accounting policies (Continued)

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK$" or "HK dollar(s)"), which is the Company's functional and Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

2 Summary of significant accounting policies (Continued)

(e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical result, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of completed properties

Revenue from sale of properties is recognised upon the transfer of risks and rewards of ownership. Deposits and instalments received on properties sold prior to their completion are included as deferred revenue in current liabilities.

(ii) Contract revenue

The accounting policy for contract revenue recognition is set out in Note 2(o).

(iii) Operating lease rental income

Operating lease rental income is recognised on a straight-line basis over the lease period.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(v) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(f) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (including leasehold land) net of any incentives received from the lessor are charged to the income statement on a straight-line basis over the period of the lease.

2 Summary of significant accounting policies (Continued)

(g) Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(h) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are expensed in the income statement during the period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate cost to the residual values over the estimated useful lives with annual rates as follows:

Leasehold land classified as finance lease and buildings	2% - 5%
Leasehold improvements	Over the remaining period of the lease
Plant and machinery	5% - 25%
Furniture, fixtures and equipment	15% - 25%
Motor vehicles	20% - 30%

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain and loss on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

2 Summary of significant accounting policies (Continued)

(i) Investment properties

Property that is held for long-term yields or for capital appreciation or both, and that is not occupied by the companies comprising the Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings.

Investment property is measured initially at cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed in the income statement during the period in which they are incurred.

Changes in fair values are recognised in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until the fair value becomes reasonably determinable or construction is completed (whichever is earlier).

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

(j) Goodwill

Goodwill arises on the acquisition of subsidiaries, associated companies and joint ventures and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

2 Summary of significant accounting policies (Continued)

(j) Goodwill (Continued)

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(k) Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(l) Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: those to be measured subsequently at fair value, and those to be measured at amortised cost. This classification depends on whether the financial asset is a debt or equity investment.

Debt investments

Financial assets at amortised cost

A debt investment is classified as financial assets at amortised cost only if both of the following criteria are met: the objective of the Group's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The nature of any derivatives embedded in the debt investment are considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately. The Group's financial assets at amortised cost comprise trade and other receivables, loan to an associated company, loan to a non-controlling shareholder of a subsidiary and cash and bank deposits in the consolidated balance sheet.

2 Summary of significant accounting policies (Continued)

(l) Financial assets (Continued)

(a) Classification (Continued)

Equity investments

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the Group can make an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss. The Group's equity investments comprise financial assets at fair value through other comprehensive income in the consolidated balance sheet.

(b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method (Note 2(n)).

The Group subsequently measures all equity investments at fair value. Where the Group's management has irrevocably elected to present unrealised and realised fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as long as they represent a return on investment.

The Group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

For financial assets at amortised cost, the Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(m) Inventories

Inventories represent properties under development and completed properties held for sales.

2 Summary of significant accounting policies (Continued)

(m) Inventories (Continued)

Properties under development and completed properties held for sales are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(n) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The amount of the provision is recognised in the consolidated income statement within administrative expenses. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the consolidated income statement.

(o) Construction contracts

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group uses the "percentage of completion method" to determine the appropriate amount to be recognised in a given period. The stage of completion is measured by reference to contract revenue certified to date as a percentage of total contract value. Costs incurred in the period in connection with future activity are presented as inventories, prepayments or other assets, depending on their nature.

2 Summary of significant accounting policies (Continued)

(o) Construction contracts (Continued)

The Group presents as an asset the gross amounts due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retentions are included within trade and other receivables.

The Group presents as a liability the gross amounts due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

(p) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

(q) Share capital

Ordinary shares are classified as equity.

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(s) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies (Continued)

(s) Current and deferred tax (continued)

(ii) Deferred tax

Inside basis differences

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group's financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(iii) Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leaves are not recognised until the time of leave.

(ii) Pension obligations

Group companies participate in various defined contribution pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds.

2 Summary of significant accounting policies (Continued)

(t) Employee benefits (Continued)

(ii) Pension obligations (Continued)

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(u) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(v) Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2 Summary of significant accounting policies (Continued)

(v) Provisions and contingent liabilities (Continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Group's financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(w) Insurance contracts

The Group regards its financial guarantee contracts in respect of mortgage facilities provided to certain property purchasers and guarantees provided to the subsidiaries of the Company as insurance contracts.

The Group assesses at each balance sheet date the liabilities under its insurance contracts using current estimates of future cash flows. Changes in carrying amount of these insurance liabilities are recognised in the income statement.

3 Financial risk factors and management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest-rate risk and equity securities price risk for financial assets at fair value through other comprehensive income), credit risk and liquidity risk. These risks are managed by the Group's financial management policies and practices as described below to minimise potential adverse effects on the Group's financial performance.

3 Financial risk factors and management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Majority of the subsidiaries of the Group operates in the PRC, with most of their transactions denominated in Renminbi ("RMB"). The Group is exposed to foreign exchange risk arising from the exposure of RMB against Hong Kong dollars. It has not hedged its foreign exchange rate risk.

In addition, the conversion of RMB into foreign currencies is subject to the exchange rate, and rules and regulations of foreign exchange control promulgated by the Mainland China government.

At 31 December 2012, if HK dollar had weakened/strengthened by 5% against RMB with all other variables held constant, pre-tax profit for the year would have been HK$10,297,000 (2011: HK$2,254,000 higher/lower) lower/higher mainly as a result of foreign exchange losses/gains on translation of assets and liabilities denominated in a currency that is different from the functional currency of the Group's entities.

(ii) Cash flow interest-rate risk

The Group's cash flow interest-rate risk arises from borrowings issued at variable rates. The Group maintains a close relationship and communicates regularly with its finance providers to explore financing alternatives to monitor and mitigate interest-rate risk.

If interest rates on HK dollar-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, (i) pre-tax profit for the year ended 31 December 2012 would be HK$10,665,000 (2011: HK$203,000) lower/higher in respect of the net finance cost charged to the income statement; and (ii) properties under development would be increased/decreased by approximately HK$22,310,000 (2011: HK$12,978,000) for finance cost capitalised into properties under development.

If interest rates on RMB-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, (ii) pre-tax profit for the year ended 31 December 2012 would be HK$11,609,000 (2011: HK$3,697,000) lower/higher for in respect of the net finance cost charged to the income statement; and (ii) properties under development would be increased/decreased by approximately HK$3,711,000 (2011: HK$25,228,000) for finance cost capitalised into properties under development.

3 Financial risk factors and management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Equity securities price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet at fair value. If the market value of the equity securities held by the Group increased or decreased by 10% and all other variables were held constant, the Group's equity would increase or decrease by approximately HK$64,301,000 (2011: HK$34,570,000) as at 31 December 2012.

(b) Credit risk

The Group's credit risk primarily arises from deposits with banks, trade and other receivables and guarantees provided in respect of mortgage facilities (Note 32).

The credit risk on deposits with banks is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies. In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's financial position, past history of making payments and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables at each balance sheet date to ensure adequate provision for impairment losses are made for irrecoverable amounts.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the Group is able to retain the property sales proceeds received from the customers and sell the property to recover any amounts paid by the Group to the bank. In this regard, the Group considers that the credit risk is minimal.

The Company's credit risk primarily arises from the amounts due from subsidiaries. The Company considers the credit risk is minimal because the subsidiaries are financially capable and management does not expect any losses from non-performance of the subsidiaries.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. Management aims to maintain flexibility in funding by keeping credit lines available. Management monitors the rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facility (Note 27(a)) and cash and bank balances (Note 24) on the basis of expected cash flow.

3 Financial risk factors and management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's and the Company's financial liabilities at amortised cost into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including both interest and principal).

	Within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
The Group			
At 31 December 2012			
Borrowings	**2,122,031**	**1,543,733**	**1,683,619**
Trade, bills and contract payables	**627,853**	**-**	**-**
Amounts due to non-controlling shareholders of subsidiaries	**67,640**	**-**	**-**
Amounts due to an associated company	**69,668**	**-**	**-**
	2,887,192	**1,543,733**	**1,683,619**
At 31 December 2011			
Borrowings	2,950,061	1,296,736	1,329,775
Trade, bills and contract payables	705,331	-	-
Amounts due to non-controlling shareholders of subsidiaries	55,408	-	-
	3,710,800	1,296,736	1,329,775
The Company			
At 31 December 2012			
Financial guarantees to subsidiaries	**795,182**	**1,070,571**	**1,683,619**
Amounts due to subsidiaries	**2,946,268**	**-**	**-**
Other payables	**14,562**	**-**	**-**
	3,756,012	**1,070,571**	**1,683,619**
At 31 December 2011			
Financial guarantees to subsidiaries	92,241	1,058,764	1,329,775
Amounts due to subsidiaries	2,002,875	-	-
Other payables	31,117	-	-
	2,126,233	1,058,764	1,329,775

The table above excludes guarantees given to banks for mortgage facilities granted to certain buyers of the Group's properties (Note 3.1(b) and 32) as management considers the risk as minimal.

3 Financial risk factors and management (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The total equity and borrowings of the Group represents the capital structure of the Group. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and bank deposits.

The gearing ratios at 31 December 2012 and 2011 were as follows:

	2012 **HK$'000**	2011 HK$'000
Total borrowings	**4,981,250**	5,232,219
Less: Cash and bank deposits	**(2,530,435)**	(3,022,060)
Net debt	**2,450,815**	2,210,159
Total equity	**7,901,254**	7,252,051
Gearing ratio	**31%**	30%

3.3 Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The financial assets at fair value through other comprehensive income comprise primarily equity securities listed in Hong Kong. As at 31 December 2012, equity securities amounting to HK$643,011,000 are measured at fair value and based on quoted market prices of an active market (level 1) at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing uncertainty to the carrying amounts of assets and liabilities are discussed below:

4 Critical accounting estimates and judgements (Continued)

(a) Investment properties

Independent valuers were engaged to carry out an independent valuation of the Group's investment property portfolio as at 31 December 2012. The fair value of each investment property is individually determined at balance sheet date based on market value assessment, on an existing use basis. The valuers have relied on the income capitalisation approach as its primary method, supported by the direct comparison method. These methodologies are based on the estimation of future results and a set of assumptions specific to each property to reflect its tenancy and cashflow profile. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

(b) Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(k). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 16).

If the estimated discount rate applied to the discounted cash flows for the Group's cash-generating units ("CGU") had been 1% higher than management's estimates or no growth rate had been applied to the revenue, the Group would not recognise any impairment against goodwill for the year (2011: Nil).

(c) Construction contracts in progress

As explained in the accounting policy stated in Note 2(o), revenue and profit recognition on an incomplete project is dependent on estimating the total cost of the construction contract, as well as the revenue estimated to date. Based on the Group's recent experience and nature of the construction activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that revenue and cost can be reliably estimated. Actual outcomes in terms of revenue and cost may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised.

(d) Income taxes

The Group is subject to income taxes mainly in the PRC and Hong Kong. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4 Critical accounting estimates and judgements (Continued)

(e) Employee share option benefit

The fair value of options granted is estimated by independent professional valuers. The value calculated requires use of assumption on expected volatility, expected life of options, expected dividend rate, excluding impact of any non-market vesting conditions, which generally represents the best estimate of the fair value of the share options at the date of grant.

(f) Revenue recognition

The Group has recognised revenue from the sale of properties held for sale as disclosed in note 2(e). It takes into consideration when the construction of relevant properties has been completed, the properties have been delivered to the buyers and collectability of related consideration is reasonably assured. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

5 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 properties' values in the long-term
Securities investment:	Investment of securities

Revenue (represents turnover) comprised the following:

	2012	2011
	HK$'000	HK$'000
Sales of properties	**3,411,470**	4,684,280
Revenue from specialised construction contracts	**838,143**	592,176
Rental and management fee income from investment properties	**56,841**	52,823
	4,306,454	5,329,279

5 Segment information (Continued)

(a) Operating segments (Continued)

Segment revenue and results

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
										(Restated)
Revenue										
Total segment revenue	**3,411,470**	4,684,280	**872,228**	705,969	**58,464**	53,930	**-**	-	**4,342,162**	5,444,179
Inter-segment revenue	**-**	-	**(34,085)**	(113,793)	**(1,623)**	(1,107)	**-**	-	**(35,708)**	(114,900)
Sales to external customers	**3,411,470**	4,684,280	**838,143**	592,176	**56,841**	52,823	**-**	-	**4,306,454**	5,329,279
Results										
Segment results	**903,873**	1,480,245	**(4,352)**	(76,582)	**108,607**	98,877	**9,205**	5,752	**1,017,333**	1,508,292
Unallocated corporate expenses, net									**(107,696)**	(123,673)
Operating profit									**909,637**	1,384,619
Finance income									**91,271**	79,591
Finance costs									**(186,460)**	(31,119)
Share of results of associated companies									**(28,008)**	(20,426)
Tax charge									**(356,932)**	(640,758)
Profit for the year									**429,508**	771,907

Segment assets and liabilities

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
										(Restated)
Assets										
Segment assets	**12,032,328**	11,716,034	**813,630**	628,093	**1,099,505**	1,212,640	**643,011**	345,705	**14,588,474**	13,902,472
Unallocated corporate assets									**2,927,340**	3,132,007
Total assets									**17,515,814**	17,034,479
Liabilities										
Segment liabilities	**7,968,143**	8,270,010	**615,943**	469,925	**17,081**	16,732	**-**	-	**8,601,167**	8,756,667
Unallocated corporate liabilities									**1,013,393**	1,025,761
Total liabilities									**9,614,560**	9,782,428

5 Segment information (Continued)

(a) Operating segments (Continued)

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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**772,732**	235,859	**-**	-	**-**	-	**-**	-	**-**	-	**772,732**	235,859
Capital expenditures	**8,544**	8,587	**2,268**	5,793	**87**	2,815	**-**	-	**326**	998	**11,225**	18,193
Depreciation recognised in the consolidated income statement	**6,578**	3,388	**2,235**	1,661	**655**	889	**-**	-	**2,000**	1,554	**11,468**	7,492
Fair value gain on investment properties	**-**	-	**-**	-	**63,013**	55,844	**-**	-	**-**	-	**63,013**	55,844
Impairment loss	**-**	-	**1,448**	3,498	**-**	-	**-**	-	**-**	-	**1,448**	3,498

(b) Geographical information

The Group's businesses operate 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 and Macau		The PRC		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
External sales	**177,044**	135,888	**4,129,410**	5,193,391	**4,306,454**	5,329,279
Total non-current assets	**1,798,389**	1,438,568	**836,919**	299,935	**2,635,308**	1,738,503

6 Expenses by nature

	2012 **HK$'000**	2011 HK$'000
Advertising and other promotional costs	**150,178**	148,289
Cost of properties sold	**2,229,136**	2,986,836
Cost of specialised construction	**795,272**	642,551
Depreciation, net of capitalisation	**11,468**	7,492
Auditor's remuneration	**4,175**	3,900
Direct out-goings arising from investment properties that generated rental income	**12,542**	8,968
Employee benefit expense (including directors' emoluments) (Note 8)	**118,660**	128,513
Loss on disposal of property, plant and equipment	**141**	1,545
Legal and professional fees	**9,744**	13,416
Operating lease charges - minimum lease payment in respect of land and buildings	**10,164**	8,909
Provision for impairment of trade receivables	**1,448**	3,498
Net exchange loss	**2,188**	22,909
Land use tax and other taxes	**47,887**	54,352
Others	**87,420**	52,210
Total of cost of sales, selling and distribution costs and administrative expenses	**3,480,423**	4,083,388

7 Other gains

	2012 **HK$'000**	2011 HK$'000
Government subsidies	**8,562**	45,969
Gain from disposal of superstructure	**-**	28,589
Dividend income	**9,219**	5,762
Others	**2,812**	2,564
	20,593	82,884

8 Employee benefit expense

	2012 HK$'000	2011 HK$'000
Wages, salaries and bonus	**162,254**	149,065
Provision for long service payment	**153**	12
Pension costs - defined contribution plans (Note 30)	**16,692**	13,146
Share option benefits	**1,356**	876
	180,455	163,099
Less: amount capitalised as properties under development	**(26,139)**	(20,388)
Less: amount included in cost of sales	**(25,976)**	(7,790)
Less: amount included in advertising and other promotional costs	**(9,680)**	(6,408)
	118,660	128,513

(a) Directors' emoluments

The remuneration of each director of the Company ("Director", collectively "Directors") for the year ended 31 December 2012 is set out below:

Name of Director	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Employer's contributions to pension scheme HK$'000	Share option benefits HK$'000	Total HK$'000
For the year ended 31 December 2012						
Mr. Sun Xiaomin	-	-	-	-	32	32
Mr. Qian Wenchao (note (i))	-	-	-	-	67	67
Mr. He Jianbo*	-	3,078	900	104	99	4,181
Mr. Yin Liang	-	2,503	600	88	70	3,261
Ms. He Xiaoli	-	2,230	500	76	63	2,869
Mr. Yang Lu (note (i))	-	1,296	700	33	51	2,080
Mr. Pan Zhongyi (note (i))	-	-	-	-	27	27
Mr. Tian Jingqi	-	-	-	-	27	27
Mr. Liu Zeping	-	-	-	-	24	24
Mr. Lam Chun, Daniel	300	-	-	-	-	300
Mr. Selwyn Mar	310	-	-	-	-	310
Ms. Tam Wai Chu, Maria	300	-	-	-	-	300
	910	9,107	2,700	301	460	13,478

8 Employee benefit expense (Continued)

(a) Directors' emoluments (Continued)

The remuneration of each Director of the Company for the year ended 31 December 2011 is set out below:

Name of Director	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Employer's contributions to pension scheme HK$'000	Share option benefits HK$'000	Total HK$'000
For the year ended 31 December 2011						
Mr. Sun Xiaomin	-	-	-	-	-	-
Mr. Qian Wenchao (note (i))	-	-	-	-	79	79
Mr. He Jianbo*	-	2,809	864	99	110	3,882
Mr. Yin Liang	-	2,243	600	84	73	3,000
Ms. He Xiaoli	-	1,983	500	72	61	2,616
Mr. Yang Lu (note (i))	-	1,246	500	33	37	1,816
Mr. Pan Zhongyi (note (i))	-	-	-	-	-	-
Mr. Tian Jingqi	-	-	-	-	-	-
Mr. Liu Zeping	-	-	-	-	-	-
Mr. Lam Chun, Daniel	300	-	-	-	-	300
Mr. Selwyn Mar	310	-	-	-	-	310
Ms. Tam Wai Chu, Maria	300	-	-	-	-	300
	910	8,281	2,464	288	360	12,303

During the year, no Directors waived or agreed to waive any emoluments (2011: Nil).

During the year, no emoluments were paid by the Group to the Directors as an inducement to join or as compensation for loss of office (2011: Nil).

The executive director marked "*" above is considered as chief executive of the Group.

Notes:

(i) Resigned on 27 December 2012

8 Employee benefit expense (Continued)

(b) Five highest-paid individuals

In 2012, five highest-paid individuals in the Group include three (2011: three) directors of the Company. These directors' emoluments are disclosed in (a) above. Details of the emoluments of the remaining two (2011: two) individuals are as follows:

	2012	2011
	HK$'000	HK$'000
Salaries and allowances	**3,472**	3,161
Bonuses	**980**	900
Employer's contributions to pension schemes	**144**	158
Share option benefits	**70**	43
	4,666	4,262

The emoluments fell within the following bands:

	2012	2011
HK$1,500,001 - HK$2,000,000	**-**	1
HK$2,000,001 - HK$2,500,000	**1**	1
HK$2,500,001 – HK$3,000,000	**1**	-
	2	2

During the year, no emoluments were paid by the Group to these individuals as an inducement to join or as compensation for loss of office (2011: Nil).

The emoluments of senior management are disclosed in (a) and (b) above.

9 Finance income and costs

	2012	2011
	HK$'000	HK$'000
Finance income		
Interest income from bank deposits	**27,771**	29,285
Interest income from loan to an associated company	**57,959**	45,083
Interest income from loan to a non-controlling shareholder of a subsidiary	**5,541**	5,223
	91,271	79,591
Finance costs		
Bank borrowings wholly repayable within five years	**118,321**	55,233
Other loans wholly repayable within five years	**167,667**	181,530
	285,988	236,763
Less: amount capitalised as properties under development (note (i))	**(99,528)**	(205,644)
	186,460	31,119

Note:

(i) Borrowing costs were capitalised at rates ranging from 3.03% to 7.36% (2011: 2.98% to 6.72%) per annum.

10 Tax charge

No provision for Hong Kong profits tax has been made in the 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 (2011: 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% (2011: 24% to 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.

	2012	2011
	HK$'000	HK$'000
		(Restated)
Current tax - PRC		
Enterprise income tax	**410,557**	330,698
Land appreciation tax	**140,268**	375,695
	550,825	706,393
Deferred tax		
Recognition of temporary differences (Note 28)	**(193,893)**	(65,635)
Tax charge	**356,932**	640,758

Tax charge on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2012	2011
	HK$'000	HK$'000
		(Restated)
Profit before tax	**786,440**	1,412,665
Tax calculated at domestic tax rates applicable to profits in the respective countries	**156,232**	239,507
Income not subject to tax	**(19,130)**	(28,651)
Expenses not deductible for tax purposes	**43,739**	37,871
Utilisation of previously unrecognised tax losses	**(21,582)**	(2,601)
Recognition of previously unrecognised temporary differences	**44,436**	-
Land appreciation tax	**140,268**	375,695
Unrecognised tax losses	**12,969**	18,937
Tax charge	**356,932**	640,758

The weighted average applicable tax rate was 19.9% (2011: 17.0%). The year-on-year change is primarily caused by a change in the relative profitability of the Group's subsidiaries in the respective regions.

11 Profit attributable to equity holders of the company

Profit attributable to equity holders of the Company includes a profit of approximately HK$224,081,000 (2011: loss of HK$161,015,000) dealt with in the financial statements of the Company.

12 Earnings per share - basic and diluted

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders 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 scheme. The share options granted during the year do not have dilutive effect on the basic earnings per share.

	2012	2011 (Restated)
Weighted average number of ordinary shares in issue (thousands)	**3,337,847**	3,337,509
Adjustment for share options (thousands)	**6,168**	7,320
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**3,344,015**	3,344,829
Profit attributable to equity holders (HK$'000)	**273,804**	610,549
Basic earnings per share (HK cents)	**8.20**	18.29
Diluted earnings per share (HK cents)	**8.19**	18.25

13 Dividends

The Directors recommend the payment of a final dividend of HK1 cent per ordinary share (2011: HK1 cent). Such dividend is to be approved by the shareholders at the annual general meeting on 7 June 2013. These financial statements do not reflect this dividend payable.

14 Property, plant and equipment

Movements in property, plant and equipment are as follows:

	Land and buildings HK$'000	Leasehold improve-ments HK$'000	Machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Year ended 31 December 2012						
Opening net book amount	**111,089**	**5,646**	**4,225**	**6,956**	**12,033**	**139,949**
Exchange differences	**(6)**	**(4)**	**2**	**13**	**(7)**	**(2)**
Additions	**124**	**4**	**1,763**	**8,106**	**1,191**	**11,188**
Disposals	**-**	**-**	**(2)**	**(71)**	**(68)**	**(141)**
Depreciation	**(2,003)**	**(1,695)**	**(678)**	**(3,756)**	**(3,336)**	**(11,468)**
Closing net book amount	**109,204**	**3,951**	**5,310**	**11,248**	**9,813**	**139,526**
At 31 December 2012						
Cost	**114,218**	**8,773**	**9,238**	**21,504**	**20,721**	**174,454**
Accumulated depreciation and impairment	**(5,014)**	**(4,822)**	**(3,928)**	**(10,256)**	**(10,908)**	**(34,928)**
Net book amount	**109,204**	**3,951**	**5,310**	**11,248**	**9,813**	**139,526**
Year ended 31 December 2011						
Opening net book amount	67,109	2,432	1,943	5,250	9,725	86,459
Exchange differences	577	94	220	220	454	1,565
Additions	-	5,720	4,006	2,052	4,899	16,677
Transfer from inventories	23,572	-	-	-	-	23,572
Transfer from investment properties	21,000	-	-	-	-	21,000
Disposals	-	(1,050)	(173)	-	(322)	(1,545)
Depreciation	(1,169)	(1,550)	(1,771)	(566)	(2,723)	(7,779)
Closing net book amount	111,089	5,646	4,225	6,956	12,033	139,949
At 31 December 2011						
Cost	114,097	8,770	7,514	14,057	20,133	164,571
Accumulated depreciation and impairment	(3,008)	(3,124)	(3,289)	(7,101)	(8,100)	(24,622)
Net book amount	111,089	5,646	4,225	6,956	12,033	139,949

14 Property, plant and equipment (Continued)

	2012 HK$'000	2011 HK$'000
Land	**74,170**	74,988
Buildings	**35,034**	36,101
	109,204	111,089

The carrying amounts of land are analysed as follows:

	2012 HK$'000	2011 HK$'000
In Hong Kong, held under long-term leases (over 50 years)	**69,200**	69,841
In the PRC, held under long-term leases (over 50 years)	**4,970**	5,147
	74,170	74,988

Property, plant and equipment with carrying amounts of approximately HK$78,912,000 (2011: HK$79,570,000) have been pledged as collaterals for bank borrowings (note 27(a)).

15 Investment properties

	2012 HK$'000	2011 HK$'000
At beginning of the year	**1,007,189**	970,829
Transfer to land and buildings	**-**	(21,000)
Additions	**37**	1,516
Fair value gain	**63,013**	55,844
At end of the year	**1,070,239**	1,007,189

The investment properties were revalued at 31 December 2012 by Vigers Appraisal & Consulting Limited, independent valuers. Valuations were performed using discounted cash flow projections based on estimates of future cash flows derived from existing leases and current market rents for similar properties, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

15 Investment properties (Continued)

The carrying amounts of investment properties are analysed as follows:

	2012 **HK$'000**	2011 HK$'000
In Hong Kong, held under medium-term leases (between 10 to 50 years)	**612,600**	588,500
In Hong Kong, held under long-term leases (over 50 years)	**457,639**	418,689
	1,070,239	1,007,189

Investment properties with carrying amounts of approximately HK$1,042,700,000 (2011: HK$982,600,000) have been pledged as collaterals for bank borrowings (Note 27(a)).

16 Goodwill

Goodwill arising from acquisitions of subsidiaries are as follows:

	2012 **HK$'000**	2011 HK$'000
At beginning of the year	**9,801**	11,712
Exchange differences	**(1)**	387
Write off on recognition of revenues from property sale	**-**	(2,298)
At end of the year	**9,800**	9,801

Impairment test for goodwill

Goodwill is allocated to the cash-generating units ("CGU") identified as follows:

	2012 **HK$'000**	2011 HK$'000
CGU:		
Specialised construction	**9,800**	9,801

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets covering a one-year period and extrapolated for the remaining operating period based on the following information with reference to past performance and expectation for market development.

	2012 **HK$'000**	2011 HK$'000
Estimated growth rate	**5.00%**	5.00%
Discount rate	**6.00%**	6.56%

16 Goodwill (Continued)

The estimated growth rates disclosed above applied to the five-year cash flow projections and no growth was assumed when extrapolating to later periods. The estimated growth rate of 5.00% used represents the general growth in the market.

17 Subsidiaries

(a) Investments in subsidiaries

	2012	2011
	HK$'000	HK$'000
Unlisted share investments, at cost	**695,296**	695,296
Less: provision for impairment	**(485,488)**	(695,296)
	209,808	-
Amount due from a subsidiary (note)	**2,637,329**	2,637,329
	2,847,137	2,637,329

Note:

The amount due from a subsidiary included in investments in subsidiaries is regarded as an equity instrument, which is recognised and carried at cost less provision for impairment. The amount due from a subsidiary is unsecured and non-interest bearing.

(b) Amounts due from/to subsidiaries

	2012	2011
	HK$'000	HK$'000
Amounts due from subsidiaries	**5,390,694**	4,190,029
Less: provision for impairment	**(243,997)**	(273,023)
	5,146,697	3,917,006
Amounts due to subsidiaries	**2,946,268**	2,002,875

The amounts due from/to subsidiaries are unsecured, non-interest bearing and repayable on demand.

17 Subsidiaries (Continued)

(c) List of principal subsidiaries as at 31 December 2012:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered and paid up capital (note (i))	Percentage of equity interest: Directly held by the Company	Percentage of equity interest: Indirectly held by the Company	Principal activity
Best Pearl Development Limited	Hong Kong	1,000 shares of HK$1 each	-	100	Property investment
博羅縣碧華房地產開發有限公司 (Boluo County Bihua Property Development Company Limited) (note (iii))	PRC	RMB602,013,150	-	80	Real estate development
Bright Circle Limited	Hong Kong	10,000 shares of HK$1 each	-	100	Property investment
龍建（南京）置業有限公司 (Dragon Construction (Nanjing) Properties Co., Ltd.) (note (ii))	PRC	US$6,600,000	-	71	Real estate development
Eastrend (Hong Kong) Limited	Hong Kong	2 shares of HK$1 each	-	100	Property investment
Full Pacific Limited	Hong Kong	2 shares of HK$1 each	-	100	Property investment
Great Way Properties Limited	Hong Kong/PRC	2 shares of HK$1 each	-	100	Property investment
湖南中潤城鎮置業有限公司 (Hunan Zhongrun Chengzhen Real Estate Co., Ltd.) (note (ii))	PRC	RMB10,000,000	-	100	Real estate development
廊坊曠世基業房地產開發有限公司(Langfang Kuangshi Jiye Property Development Co., Ltd. "Kuangshi Jiye") (note (iii) & (iv))	PRC	USD55,000,000	-	50	Real estate development
Linkcheer Limited	Hong Kong	2 shares of HK$1 each	-	100	Property investment
Luck Achieve Limited	British Virgin Islands/Hong Kong	2 shares of US$1 each	-	100	Securities Investment
Minmetals Condo (Hong Kong) Engineering Company Limited	Hong Kong	1 share of HK$1	-	100	Design and installation of curtain walls

17 Subsidiaries (Continued)

(c) List of principal subsidiaries as at 31 December 2012: (Continued)

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered and paid up capital (note (i))	Percentage of equity interest: Directly held by the Company	Percentage of equity interest: Indirectly held by the Company	Principal activity
Minmetals Land (China) Limited	Hong Kong/ Hong Kong and PRC	2 shares of HK$1 each	-	100	Provision of management service
Minmetals Land Investments Limited	British Virgin Islands/ Hong Kong	100 shares of US$10 each	100	-	Investment holding
五礦建設（湖南）嘉和日盛房地產開發有限公司 (Minmetals Land (Hunan) Jiahe Risheng Real Estate Development Co., Ltd. “Jiahe Risheng”)(note (ii))	PRC	RMB380,000,000	-	100	Real estate development
五礦建設（營口）恒富置業有限公司 (Minmetals Land (Yingkou) Hengfu Properties Co., Ltd.) (note (ii))	PRC	USD100,000,000	-	100	Real estate development
五礦地產南京有限公司 (Minmetals Property Development Nanjing Co., Ltd.) (note (iii))	PRC	RMB894,800,000	-	50.89	Real estate development
五礦置業（天津）濱海新區有限公司 (Minmetals Real Estate (Tianjin) Binhaixinqu Co., Ltd.) (note (ii))	PRC	RMB10,000,000	-	100	Real estate development
礦世地產（南京）有限公司 (Kuangshi Properties (Nanjing) Co., Ltd.) (note (ii))	PRC	RMB1,200,000,000	-	100	Real estate development
ONFEM Finance Limited	British Virgin Islands/ Hong Kong	1,000 shares of US$1 each	100	-	Provision of financing for group companies

17 Subsidiaries (Continued)

(c) List of principal subsidiaries as at 31 December 2012: (Continued)

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered and paid up capital (note (i))	Percentage of equity interest: Directly held by the Company	Percentage of equity interest: Indirectly held by the Company	Principal activity
Oriental Dragon Construction Limited	Hong Kong/ Hong Kong and PRC	10,000 shares of HK$1 each	-	71	Investment holding
五礦瑞和(上海)建設有限公司 (Minmetals Condo (Shanghai) Construction Co., Ltd. (note (ii))	PRC	US$4,270,000	-	100	Design and installation of curtain walls and aluminium windows
Texion Development Limited	Hong Kong	50,000,000 shares of HK$1 each	-	100	Property investment
Tinnex Management Limited	Hong Kong	2 shares of HK$1 each	-	100	Property management
Top Gain Properties Limited	Hong Kong/PRC	2 shares of HK$1 each	-	100	Property investment
Virtyre Limited	Hong Kong	2 shares of HK$10 each	-	100	Property investment
珠海東方海天置業有限公司 (Zhuhai (Oriental) Blue Horrison Properties Company Limited) (note (ii))	PRC	RMB44,000,000	-	100	Real estate development

Notes:

(i) The class of shares held is ordinary unless otherwise stated. None of the subsidiaries had any loan capital in issue at any time during the year ended 31 December 2012.

(ii) These are foreign investment enterprises established in the PRC with operating periods ranging from 15 years to 40 years.

(iii) These are sino-foreign equity joint ventures established in the PRC with operating periods ranging from 20 years to 30 years.

(iv) Although the Group owns 50% equity interest in Kuangshi Jiye, it has control over Kuangshi Jiye by holding 51% of the voting power.

18 Interests in associated companies

(a) Investments

	2012 **HK$'000**	2011 HK$'000
At beginning of the year	**235,859**	200,490
Exchange differences	**2,581**	13,233
Investments in associated companies	**562,300**	42,562
Share of losses	**(28,008)**	(20,426)
At end of the year	**772,732**	235,859

The results of the Group's associated companies, and its aggregated assets (including goodwill) and liabilities, are as follows:

Name	Country of incorporation	Assets HK$'000	Liabilities HK$'000	Revenue HK$'000	Loss HK$'000	% interest held
廊坊萬恒盛業房地產開發有限公司 (Langfang Wanheng Shengye Property Development Co., Ltd) (note (i))	PRC	440,149	(43,203)	-	17,022	50%
北京五礦萬科置業有限公司 (Beijing Minmetals Vanke Real Estate Co., Ltd) (note (i) & (ii))	PRC	3,401,892	(2,275,449)	-	38,230	51%

Notes:

(i) The companies are Sino-foreign equity joint ventures established in the PRC with operating periods of 30 years.

(ii) The Group accounts for its investment in this company as an associated company as it only exercises significant influence over the investment by minority representation in the board of directors.

(b) Loan to an associated company

	2012 **HK$'000**	2011 HK$'000
Loan to an associated company	**234,706**	962,500

Loan to an associated company is non-interest bearing, unsecured and repayable in 1 year.

19 Inventories

	2012	2011
	HK$'000	HK$'000
Properties held for sale - located in the PRC	**3,316,446**	2,337,878
Properties under development - located in the PRC (a)	**4,066,406**	5,154,680
	7,382,852	7,492,558

(a) Properties under development

	2012	2011
	HK$'000	HK$'000
Land use rights	**2,809,931**	3,665,664
Construction costs	**1,256,475**	1,489,016
	4,066,406	5,154,680

As at 31 December 2012, properties under development with carrying amounts of approximately HK$1,124,619,000 (2011: HK$840,210,000) have been pledged as collaterals for bank borrowings (note 27(a)).

20 Construction contracts in progress

	2012	2011
	HK$'000	HK$'000
Contract costs incurred plus recognised profits less recognised losses	**1,769,064**	1,232,259
Less: progress billings	**(1,717,852)**	(1,223,115)
Gross amounts due from customers for contract work	**51,212**	9,144

21 Prepayments, trade and other receivables

The Group

	2012	2011
	HK$'000	HK$'000
Trade and contract receivables, net (b)	**755,748**	445,021
Retention receivables	**105,469**	68,206
Deposits	**267,743**	44,006
Prepayments (c)	**185,377**	278,957
Prepayment for land cost (d)	**2,912,101**	2,459,973
Amount due from an associated company (e)	**128,761**	49,340
Guarantee deposit	**-**	138,152
Others	**56,433**	76,062
	4,411,632	3,559,717

21 Prepayments, trade and other receivables (Continued)

The Company

	2012	2011
	HK$'000	HK$'000
Deposits	**26**	68
Prepayments	**822**	810
Others	**12**	230
	860	1,108

(a) The carrying amounts of trade and other receivables are denominated in the following currencies:

The Group

	2012	2011
	HK$'000	HK$'000
Hong Kong dollar	**345,746**	237,488
RMB	**4,065,886**	3,322,229
	4,411,632	3,559,717

The Company

	2012	2011
	HK$'000	HK$'000
Hong Kong dollar	**860**	1,108

(b) The aging analysis of trade and contract receivables based on invoice date is as follows:

The Group

	2012	2011
	HK$'000	HK$'000
0 to 90 days	**473,421**	213,111
91 to 180 days	**60,319**	71,927
181 days to 1 year	**68,316**	32,402
1 year to 2 years	**68,831**	67,249
Over 2 years	**91,122**	65,218
	762,009	449,907
Less: provision for impairment	**(6,261)**	(4,886)
	755,748	445,021

21 Prepayments, trade and other receivables (Continued)

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.

Trade and contract receivables that are less than one year past due are generally not considered impaired. Trade and contract receivables of HK$485,726,000 (2011: HK$228,333,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade and contract receivables is as follows:

	2012	2011
	HK$'000	HK$'000
Past due days		
1 to 90 days	**341,406**	151,189
91 to 180 days	**34,054**	18,382
181 days to 1 year	**50,881**	7,678
1 year to 2 years	**28,814**	20,720
Over 2 years	**30,571**	30,364
	485,726	228,333

Trade and contract receivables of HK$6,261,000 (2011: HK$4,886,000) were impaired and provision for impairment was made. The individually impaired receivables mainly relate to construction customers, which are in unexpected difficult financial situations. The aging of these receivables is as follows:

	2012	2011
	HK$'000	HK$'000
Past due days		
Over 2 years	**6,261**	4,886

Movements in the provision for impairment of trade and contract receivables are as follows:

	2012	2011
	HK$'000	HK$'000
At beginning of the year	**4,886**	1,245
Exchange differences	**(73)**	143
Provision for impairment	**1,448**	3,498
At end of the year	**6,261**	4,886

The provision for impaired receivables has been included in administrative expenses in the consolidated income statement.

21 Prepayments, trade and other receivables (Continued)

(c) As at 31 December 2012, prepayments include prepaid taxes and other charges of approximately HK$133,519,000 (2011: HK$143,364,000) in relation to the deferred revenue received.

(d) As at 31 December 2012, prepayment for land cost represents payment to the PRC Bureau of Land and Resources for the acquisition of lands in the PRC and the amount will be recognised as inventory upon issuance of Land Use Rights Certificates.

(e) Amount due from an associated company is unsecured, non-interest bearing and repayable on demand.

(f) The other items within trade and other receivables do not contain past due or impaired assets.

The maximum exposure to credit risk at the reporting dates is the carrying amount of receivables mentioned above. The Group does not hold any collateral as security.

22 Financial assets at fair value through other comprehensive income

	2012	2011
	HK$'000	HK$'000
Listed equity securities in Hong Kong		
At beginning of the year	**345,705**	-
Transfer from available-for-sale financial assets upon early adoption of HKFRS 9	**-**	539,300
Fair value gain/(loss) recognised in other comprehensive income	**297,306**	(193,595)
At end of the year	**643,011**	345,705

As at 31 December 2012 and 2011, the Group held unlisted equity securities in the PRC with an original cost of HK$243,600,000, which was fully impaired in prior years, as the principal subsidiary of the company concerned is in liquidation. The Group considers that the fair value of the investment was nil as at 31 December 2011 and 2012.

23 Cash and bank deposits, restricted

The Group

	2012	2011
	HK$'000	HK$'000
Restricted cash	**111,179**	163,513

The carrying amounts of restricted cash are denominated in Renminbi.

The maximum exposure to credit risk at the reporting dates is the carrying amount of cash and bank deposits.

The restricted cash represents (i) performance deposits for construction projects; and (ii) guarantee deposits for the benefit of mortgage loan facilities granted by banks to the buyers of the Group's properties.

24 Cash and bank deposits, unrestricted

The Group

	2012	2011
	HK$'000	HK$'000
Cash at banks	**2,398,657**	2,305,265
Short-term deposits	**20,114**	552,820
Cash on hand	**485**	462
Cash and bank deposits	**2,419,256**	2,858,547

Short-term deposits mature in approximately 15 days (2011: 43 days) from the balance sheet date. As at 31 December 2012, the weighted average effective interest rate was 0.04% (2011: 1.48%) per annum.

The Company

	2012	2011
	HK$'000	HK$'000
Cash at banks	**1,029**	1,003
Short-term deposits	**17,191**	337,555
Cash on hand	**14**	16
Cash and bank deposits	**18,234**	338,574

Short-term deposits mature in approximately 7 days (2011: 41 days) from the balance sheet date. As at 31 December 2012, the weighted average effective interest rate was 0.01% (2011: 1.53%) per annum.

24 Cash and bank deposits, unrestricted (Continued)

The carrying amounts of cash and bank deposits are denominated in the following currencies:

The Group

	2012	2011
	HK$'000	HK$'000
Hong Kong dollar	**358,871**	620,760
RMB	**1,974,664**	2,012,795
US dollar	**85,718**	224,986
Other currencies	**3**	6
	2,419,256	2,858,547

The Company

	2012	2011
	HK$'000	HK$'000
Hong Kong dollar	**18,223**	338,559
US dollar	**2**	3
Other currencies	**9**	12
	18,234	338,574

The maximum exposure to credit risk at the reporting dates is the carrying amount of cash and bank deposits.

25 Share capital

	2012 No. of shares ('000)	**2012** Amount HK$'000	2011 No. of shares ('000)	2011 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**10,000,000**	**1,000,000**	10,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of HK$0.1 each				
Balance at beginning of the year	**3,337,819**	**333,782**	3,335,337	333,534
Exercise of share options	**34**	**3**	2,482	248
Balance at end of the year	**3,337,853**	**333,785**	3,337,819	333,782

(a) Share options

On 29 May 2003, the Company adopted a share option scheme under which the Directors, at their discretion, invite any person who has contributed or will contribute to the Group to subscribe for shares of the Company at nominal consideration of HK$10 for each lot of share granted. The exercise price will be determined by the Directors, and will not be less than the highest of: (i) the closing price per share as stated in the daily quotations sheet of Main Board of the Stock Exchange; (ii) the closing price of the shares quoted on the Main Board of the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant of the relevant option; and (iii) the nominal value of the share. The scheme will remain in force for a period of ten years to 28 May 2013.

25 Share capital (Continued)

(a) Share options (Continued)

(i) Details of the share options granted are as follows:

Category of participants	Exercisable period of share options	Exercise price 2012 HK$	Exercise price 2011 HK$	Number of share options 2012 ('000)	Number of share options 2011 ('000)
Directors	1 December 2010 to 30 November 2018 (Note 1)	0.45	0.45	**3,173**	4,680
	30 November 2014 to 29 November 2022 (Note 2)	1.20	-	**12,340**	-
Employees and others	1 December 2010 to 30 November 2018 (Note 1)	0.45	0.45	**8,194**	6,721
	30 November 2014 to 29 November 2022 (Note 2)	1.20	-	**45,600**	-
				69,307	11,401

Notes:

1. The options are exercisable upon fulfillment of certain performance targets achieved by the Group and grantees. These options are exercisable in three tranches: the maximum percentage of options of each tranche exercisable within the periods commencing from 1 December 2010 to 30 November 2018, from 1 December 2011 to 30 November 2018 and from 1 December 2012 to 30 November 2018 are 30%, 30% and 40% respectively. The fair value of share options in the three tranches is HK$0.3355 per share.

2. The options are exercisable upon fulfillment of certain performance targets achieved by the Group and grantees. These options are exercisable in three tranches: the maximum percentage of options of each tranche exercisable within the periods commencing from 30 November 2014 to 29 November 2022, from 30 November 2015 to 29 November 2022 and 30 November 2015 to 29 November 2022 are 30%, 30% and 40% respectively. The fair values of share options in the three tranches are HK$0.5506, HK$0.5503 and HK$0.5492 per share respectively.

(ii) Movements in the above share options are as follows:

	2012 Number of share options ('000)	2011 Number of share options ('000)
At beginning of the year	**11,401**	13,964
Granted	**57,940**	-
Lapsed	**-**	(81)
Exercised	**(34)**	(2,482)
At end of the year	**69,307**	11,401

26 Reserves

The Group

	Share premium HK$'000	Contributed surplus (note (a)) HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Investments revaluation reserve HK$'000	Revaluation reserve HK$'000	Other reserves HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1 January 2011, as previously reported	4,266,818	600,412	769	3,273	(18,437)	-	1,314	65,348	108,264	561,575	5,589,336
Prior year adjustment in respect of change in accounting policy	-	-	-	-	-	-	-	-	-	1,441	1,441
Balance as at 1 January 2011, as restated	4,266,818	600,412	769	3,273	(18,437)	-	1,314	65,348	108,264	563,016	5,590,777
Effect of changes in accounting policy for classification and measurement of financial assets upon early adoption of HKFRS 9											
- Reclassification to investments revaluation reserve	-	-	-	-	18,437	(18,437)	-	-	-	-	-
Issue of shares	869	-	-	-	-	-	-	-	-	-	869
Employee share option benefits	-	-	-	876	-	-	-	-	-	-	876
Fair value loss on revaluation of financial assets at fair value through other comprehensive income	-	-	-	-	-	(193,595)	-	-	-	-	(193,595)
Currency translation adjustments	-	-	-	-	-	-	-	-	197,397	-	197,397
Liquidation of subsidiaries	-	(1,629)	-	-	-	-	-	-	-	-	(1,629)
2010 final dividend paid	-	-	-	-	-	-	-	-	-	(33,375)	(33,375)
Profit for the year	-	-	-	-	-	-	-	-	-	610,549	610,549
Balance as at 31 December 2011, 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 (note b)	-	-	-	-	-	-	-	(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

26 Reserves (Continued)

Company

	Share premium HK$'000	Contributed surplus (note (a)) HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2011	4,266,818	575,220	769	3,273	(127,192)	4,718,888
Issue of shares	869	-	-	-	-	869
Employee share option benefits	-	-	-	876	-	876
2011 final dividend paid	-	-	-	-	(33,375)	(33,375)
Loss for the year	-	-	-	-	(161,015)	(161,015)
Balance at 31 December 2011	**4,267,687**	**575,220**	**769**	**4,149**	**(321,582)**	**4,526,243**
Issue of shares	**12**	**-**	**-**	**-**	**-**	**12**
Employee share option benefits	**-**	**-**	**-**	**1,356**	**-**	**1,356**
2011 final dividend paid	**-**	**-**	**-**	**-**	**(33,379)**	**(33,379)**
Profit for the year	**-**	**-**	**-**	**-**	**224,081**	**224,081**
Balance at 31 December 2012	**4,267,699**	**575,220**	**769**	**5,505**	**(130,880)**	**4,718,313**

(a) Contributed surplus mainly represents the excess of the fair value of shares in Minmetals Land Investments Limited acquired by the Company over the nominal value of the new shares of the Company issued pursuant to the share exchange agreement.

Under the Companies Act of Bermuda, contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities, issued share capital and share premium account.

(b) During 2012, the Group completed the acquisition of the additional 15% of the issued share capital of Boluo County Bihua Property Development Company Limited ("Baluo Bihua"), at a cash consideration of approximately HK$104,504,000. The carrying amount of the non-controlling interest in Boluo Bihua on the date of acquisition is approximately HK$61,123,000. As a result, the Group recognised a decrease in equity attributable to owners of approximately HK$43,381,000.

(c) As stipulated by regulations in the PRC, the Company' subsidiaries established and operated in the PRC are required to appropriate a portion of their after-tax profit (after offsetting prior year losses) to the statutory reserves and enterprise expansion fund, at rates determined by their respective boards of directors. The appropriation for the year ended 31 December 2012, amounting to approximately HK$123,218,000 (2011: HK$84,191,000), was included in retained earnings at 31 December 2012.

27 Borrowings

	2012 **HK$'000**	2011 HK$'000
Non-current		
Bank borrowings, secured (a)	**3,080,023**	2,459,123
Current		
Bank borrowings, secured (a)	**38,422**	240,717
Loan from a non-controlling shareholder of a subsidiary, unsecured (Note 34)	**8,387**	-
Loans from a fellow subsidiary, unsecured (Note 34)	**1,159,349**	2,532,379
	1,206,158	2,773,096
Current portion of long-term bank loans	**695,069**	-
	1,901,227	2,773,096
	4,981,250	5,232,219

(a) Banking facilities

The Group's aggregate banking facilities, including bank borrowings, as at 31 December 2012 amounted to approximately HK$5,857,569,000 (2011: HK$6,509,022,000), of which approximately HK$1,951,752,000 (2011: HK$3,665,200,000) was unutilised. As at 31 December 2012, the assets pledged by the Group as collaterals for the banking facilities are as follows:

(i) Investment properties with carrying amounts of approximately HK$1,042,700,000 (2011: HK$982,600,000);

(ii) Land and buildings with carrying amounts of approximately HK$78,912,000 (2011: HK$79,570,000);

(iii) Properties under development with carrying amounts of approximately HK$1,124,619,000 (2011: HK$840,210,000); and

(iv) corporate guarantees given by the Company.

27 Borrowings (Continued)

(b) The maturity of the Group's borrowings is as follows:

	2012	2011
	HK$'000	HK$'000
Bank borrowings		
Within one year	**733,491**	240,717
In the second to fifth year	**3,080,023**	2,459,123
	3,813,514	2,699,840
Loan from a non-controlling shareholder of a subsidiary		
Within one year	**8,387**	-
Loans from a fellow subsidiary		
Within one year	**1,159,349**	2,532,379

(c) Borrowings of HK$4,981,250,000 (2011: HK$5,232,219,000) are on a floating interest rate basis. The effective interest rates at the balance sheet dates were as follows:

	2012		2011	
	HK$	**RMB**	HK$	RMB
Non-current				
Bank borrowings	**3.03%**	**6.76%**	2.98%	6.13%
Current				
Bank borrowings	**3.03%**	**6.31%**	2.62%	6.78%
Loan from a non-controlling shareholder of a subsidiary	**-**	**7.04%**	-	-
Loans from a fellow subsidiary	**-**	**6.44%**	-	6.71%

(d) The fair values of borrowings approximate their carrying amounts. The fair values are based on cash flows discounted using borrowing rates as at 31 December 2012 ranged from 2.63% to 7.36% (2011: 2.48% to 7.02%) per annum.

(e) The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2012	2011
	HK$'000	HK$'000
Hong Kong dollar	**3,297,481**	2,247,761
RMB	**1,683,769**	2,984,458
	4,981,250	5,232,219

28 Deferred tax

	2012	2011
	HK$'000	HK$'000
		(Restated)
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	**269,669**	93,342
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after 12 months	**(39,194)**	(95,088)
Deferred tax liabilities to be recovered within 12 months	**(92,143)**	(54,378)
	(131,337)	(149,466)
	138,332	(56,124)

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets

	2012	2011
	HK$'000	HK$'000
Tax losses		
At beginning of the year	**-**	11,056
Exchange differences	**-**	283
Recognised in the consolidated income statement	**-**	(11,339)
At end of the year	**-**	-
Timing difference on cost recognition		
At beginning of the year	**93,342**	91,119
Exchange differences	**546**	4,468
Recognised in the consolidated income statement	**175,781**	(2,245)
At end of the year	**269,669**	93,342

28 Deferred tax (Continued)

Deferred tax liabilities

	2012 **HK$'000**	2011 HK$'000 (Restated)
Fair value gain		
At beginning of the year, as restated	**143,792**	213,424
Exchange differences	**(60)**	10,840
Recognised in the consolidated income statement	**(31,600)**	(80,472)
At end of the year	**112,132**	143,792
Accelerated tax depreciation		
At beginning of the year	**5,674**	4,421
Recognised in the consolidated income statement	**(211)**	1,253
At end of the year	**5,463**	5,674
Timing difference on cost recognition		
At beginning of the year	**-**	-
Exchange differences	**43**	
Recognised in the consolidated income statement	**13,699**	-
At end of the year	**13,742**	-

Deferred tax liabilities of HK$81,520,000 (2011: HK$59,668,000) have not been recognised for the withholding tax that would be payable on the unremitted retained earnings of certain subsidiaries, as the Directors intend to reinvest such retained earnings.

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. At 31 December 2012, the Group had unrecognised tax losses in Hong Kong of approximately HK$210,922,000 (2011: HK$160,359,000), which can be carried forward against future taxable income and have no expiry date. As at 31 December 2012, the Group had unrecognised tax losses in the PRC of approximately HK$31,365,000 (2011: HK$133,816,000) which will expire at various dates up to and including 2017.

29 Trade and other payables

The Group

	2012 HK$'000	2011 HK$'000
Trade, bills and contract payables (b)	**627,853**	705,331
Retention payables	**56,137**	55,244
Accruals and other payables	**2,017,767**	1,963,935
Rental deposits received	**14,166**	14,305
Amounts due to non-controlling shareholders of subsidiaries (Note 34)	**67,640**	55,408
Amounts due to an associated company (Note 34)	**69,668**	-
	2,853,231	2,794,223

The Company

	2012 HK$'000	2011 HK$'000
Accruals and other payables	**14,562**	31,117

(a) The carrying amounts of trade and other payables are denominated in the following currencies:

The Group

	2012 HK$'000	2011 HK$'000
Hong Kong dollar	**114,843**	128,614
RMB	**2,738,388**	2,665,609
	2,853,231	2,794,223

The Company

	2012 HK$'000	2011 HK$'000
Hong Kong dollar	**14,562**	31,117

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

	2012 HK$'000	2011 HK$'000
0 to 90 days	**250,031**	407,430
91 to 180 days	**61,921**	55,907
181 days to 1 year	**58,526**	30,489
1 year to 2 years	**115,646**	50,183
Over 2 years	**141,729**	161,322
	627,853	705,331

30 Pension obligations

The Group participates in a defined contribution pension scheme and a Mandatory Provident Fund ("MPF") scheme for the eligible employees in Hong Kong.

Before 1 December 2000, a defined contribution pension scheme was provided to certain eligible employees employed by the Group. The Group ceased the contributions since 1 December 2000, upon introduction of the MPF scheme.

Under the MPF scheme, the Company and each of the Hong Kong subsidiaries of the Company make monthly contributions to the MPF at 5% of the employees' cash income as defined under the MPF legislation. Contributions by both the Company/Hong Kong subsidiaries and their employees are subject to a maximum of HK$1,250 per month per employee and thereafter contributions are voluntary. The Group's contributions to the pension scheme and MPF scheme are expensed as incurred.

As stipulated by rules and regulations in the PRC, the Group contributes to a state-sponsored retirement plan for its employees in the PRC as determined by the local government. The Group is required to contribute to the plan at a rate ranging from 7% to 12% of the basic salary of the PRC employees in addition to contributions by employees at a rate ranging from 7% to 12% of the basic salary as specified by the local government, and the Group has no further obligations for the actual payment of the pensions or post-retirement benefits beyond the annual contributions made.

31 Note to the consolidated cash flow statement

Reconciliation of profit before tax to cash generated from operations

	2012	2011
	HK$'000	HK$'000
Profit before tax	**786,440**	1,412,665
Interest income	**(91,271)**	(79,591)
Interest expense	**186,460**	31,119
Depreciation	**11,468**	7,492
Fair value gain on investment properties	**(63,013)**	(55,844)
Loss on disposal of property, plant and equipment	**141**	1,545
Share option benefits	**1,356**	876
Provision for impairment of trade receivables	**1,448**	3,498
Write off of goodwill on recognition of revenues from property sale	**-**	2,298
Share of results of associated companies	**28,008**	20,426
Operating profit before working capital changes	**861,037**	1,344,484
Decrease/(increase) in inventories	**209,234**	(1,464,960)
(Increase)/decrease in trade and other receivables	**(863,134)**	745,908
Increase in gross amounts due from customers for contract work	**(42,068)**	(7,893)
Increase in trade and other payables	**59,008**	631,076
Increase/(decrease) in deferred revenue	**76,890**	(1,282,283)
Increase in other liabilities	**129**	36
Exchange adjustments	**(6,859)**	234,638
Cash generated from operations	**294,237**	201,006

32 Financial guarantees

As at 31 December 2012, guarantees given to banks for mortgage facilities granted to certain buyers of the Group's properties amounted to HK$1,788,473,000 (2011: HK$1,972,884,000). 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 purchasers 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 financial statements for the guarantees.

At 31 December 2012, the Company had executed corporate guarantees amounting to approximately HK$5,090,425,000 (2011: HK$5,090,495,000) to various banks in respect of banking facilities extended to subsidiaries. At 31 December 2012, the utilised facilities, under which corporate guarantees from the Company were given, amounted to approximately HK$3,377,071,000 (2011: HK$2,335,084,000). 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.

33 Commitments

(a) The Group had capital commitments as follows:

	2012 **HK$'000**	2011 HK$'000
Contracted but not provided for		
Purchase consideration for further acquisition of additional interest in a subsidiary	**-**	173,108
Capital contribution into a real estate development company	**374,100**	-
	374,100	173,108

As at 31 December 2012, the Company did not have any outstanding capital commitments (2011: Nil).

(b) The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises as follows:

	2012 **HK$'000**	2011 HK$'000
Not later than one year	**7,130**	9,698
Later than one year but not later than five years	**1,706**	7,238
	8,836	16,936

As at 31 December 2012, the Company did not have any operating lease commitments (2011: Nil).

33 Commitments (Continued)

(c) The Group leases out investment properties under operating leases which generally run for initial periods of one to three years. None of the leases includes contingent rentals.

The Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	2012	2011
	HK$'000	HK$'000
Not later than one year	**52,785**	51,717
Later than one year but not later than five years	**71,945**	83,683
Later than five years	**12,984**	24,583
	137,714	159,983

As at 31 December 2012, the Company did not have any future lease receipts (2011: Nil).

34 Related party transactions

The Directors consider the immediate holding company to be June Glory International Limited, a company incorporated in the British Virgin Islands; the intermediate holding company to be China Minmetals H.K. (Holdings) Limited ("Minmetals HK"), a company incorporated in Hong Kong; and the ultimate holding company to be China Minmetals Corporation ("China Minmetals"), a state-owned enterprise established in the PRC and is controlled by the PRC Government.

In accordance with HKAS 24 (Revised), "Related Party Disclosures", government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include China Minmetals and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and China Minmetals as well as their close family members.

During the year, except for the land premium paid to the PRC Bureau of Land and Resources, the Group's significant transactions with government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government, mainly include its bank deposits and borrowings and the corresponding interests. The price and other terms of such transactions are set out in the agreements governing these transactions or as mutually agreed, as appropriate.

Other than disclosed elsewhere in the financial statements, the Group had the following material transactions and balances with related parties, which were carried out in the ordinary and normal course of business of the Group:

34 Related party transactions (Continued)

(a) Transactions with related parties

	2012 HK$'000	2011 HK$'000
Specialised construction costs to a fellow subsidiary (note (i))	**181,298**	36,084
Construction costs to fellow subsidiaries for real estate development projects (note (ii))	**785,571**	729,544
Construction costs to a non-controlling shareholder of a subsidiary for a real estate development project (note (ii))	**263,555**	-
Rental income from fellow subsidiaries (note (iii))	**3,777**	5,179
Loan interest expense to a non-controlling shareholder of a subsidiary (note (iv))	**11,954**	-
Loan interest expense to a fellow subsidiary (note (v))	**155,713**	181,530
Loan interest income from an associated company (note (vii))	**57,959**	45,083
Loan interest income from a non-controlling shareholder of a subsidiary (note (viii))	**5,541**	5,223

(b) Balances with related parties

	2012 HK$'000	2011 HK$'000
Specialised construction costs payable to a fellow subsidiary (note (i))	**99,151**	43,386
Contract payable to fellow subsidiaries for real estate development projects (note (ii))	**77,970**	13,459
Contract payable to a non-controlling shareholder of a subsidiary (note (ii))	**50,953**	38,727
Loan from a non-controlling shareholder of a subsidiary (note (iv))	**8,387**	-
Loans from a fellow subsidiary (note (v))	**1,159,349**	2,532,379
Amounts due to non-controlling shareholders of subsidiaries (note (vi))	**16,687**	16,681
Amounts due to an associated company (note (vi))	**69,668**	-
Loan to an associated company (note (vii))	**234,706**	962,500
Loan to a non-controlling shareholder of a subsidiary (note (viii))	**-**	156,655

34 Related party transactions (Continued)

(b) Balances with related parties (Continued)

Notes:

(i) Specialised construction costs to a fellow subsidiary of the Company were based on terms mutually agreed by both parties.

(ii) Construction costs to fellow subsidiaries of the Company and a non-controlling shareholder of a subsidiary for real estate development projects were based on terms mutually agreed by both parties.

(iii) Rental income received from fellow subsidiaries of the Company were based on the agreements entered into between the parties involved with reference to market rates.

(iv) The short-term loan from a non-controlling shareholder is unsecured, bearing interest at 10% above the benchmark interest rate for a one to three year loan quoted by the People's Bank of China per annum and repayable on demand.

(v) The short-term loans from a fellow subsidiary are unsecured, bearing interest at 10% above the benchmark interest rate for a 1 year loan quoted by the People's Bank of China per annum and repayable in 1 year.

(vi) The amounts due to non-controlling shareholders of subsidiaries of the Company and amounts due to an associated company are unsecured, interest free and repayable on demand.

(vii) The loan to an associated company are unsecured, bearing interest at the benchmark interest rate for a 1 year short-term loan quoted by the People's Bank of China per annum and repayable in 1 year.

(viii) The loan to a non-controlling shareholder of a subsidiary was unsecured, bearing interest at 10% above the benchmark interest rate for a 1 year short-term loan quoted by the People's Bank of China per annum and repayable in 1 year. The loan was fully settled in 2012.

(c) Key management compensation

	2012 **HK$'000**	2011 HK$'000
Salaries and short-term employee benefits	**12,717**	11,655
Pension costs - defined contribution plans	**301**	288
Share option benefits	**460**	360
	13,478	12,303

35 Event after Balance sheet date

On 14 March 2013, the Group acquired a piece of land of approximately 130,928 square meters for RMB 3,860,000,000 (approximately HK$4,772,000,000) in an auction. The land is located at Jianye District, Jiangsu Province. 50% of the land premium will be settled by 23 September 2013 and the remaining will be settled by 21 December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

Despite weakness in many developed economies in 2012, China has remained a key engine of growth during this eventful year for the global economy supported by its manufacturing role which makes the country a prominent trading partner to the rest of the world. Efforts by the central government to further modernise its manufacturing base towards higher value-add industries had in turn enhanced income levels. Similarly, its large population offers a vast market for its manufactured goods as the country moves from being a key exporter to a consumer market that is less reliant on external demand. Hence income growth by the corporations and individuals, as well as urbanisation remain the key themes for secular growth in China. During the latter part of the year when prices in major cities started to surge again, it had generated solid demand within the residential real estate market. Even if there was any attempt to engineer a soft landing and user purchasers might receive certain differential treatments, the government would not back away from real estate market curbs so as to limit the impact of a property bubble on the wider economy. The announcements in March 2013 detailing a series of control actions and procedures are solid proof for this determination. In the latest announcement, the government called for a strict enforcement of a 20% capital gain tax on home sales, a rule that has been in place since 2005. In cities where prices had risen sharply, new targeted measures including higher mandatory mortgage down payments and restrictions on the purchases of second homes should be adopted.

Since there are clear signs emerging that inflation in China has been dampened, the central bank has in 2012 commenced reducing both interest rates and deposit reserve ratio in support of economic growth. Including other tax incentives and pension fund policy changes, it can be expected the user demand for home ownership will be boosted in the foreseeable future, probably at the expenses of investment demand which will continue to be controlled.

All these policy adjustments and changing industry trends will be closely monitored and analysed by the Group, with a view to keeping pace with prevailing market developments. In particular, the Group will actively assess all kinds of opportunities of land acquisitions with a view to replenishing its land bank in order to ensure a sustained stream of developments of its real estate development business.

We continue to make further improvements internally, both in the areas of project development, design, execution and management capabilities; financial and capital market analysis and planning; sales and marketing ability. We believe it will help to maintain and augment our competitive edge in the real estate landscape in China. Our aim is to match the customer demand for their satisfaction; and through our strong market labeling and stringent cost controls to provide above average returns to all stakeholders. Looking ahead, with the strong support of the controlling shareholder, the Group is confident and cautiously optimistic in achieving further and continued business growth going forward.

OPERATIONAL REVIEW

The Group's total revenue for the financial year ended 31 December 2012 was registered at HK$4,306.5 million, a reduction of 19.2% compared with HK$5,329.3 million in the previous financial year. Lower volume of development projects completed and delivered during the year was the main cause of revenue decline. Specialised construction division had nevertheless made positive contribution during the year. Gross profit margin retreated from 31.7% to 29.5% in 2012 attributed primarily to different mix of property types being booked and higher proportional contribution from the specialised construction division whose profit margin is typically relatively lower than that of real estate development division. Profit for the year decreased 44.4% from HK$771.9 million in 2011 to HK$429.5 million. Earnings per share for 2012 was HK8.2 cents compared with HK18.3 cents in 2011, which is attributed to a higher proportion of profit contribution from joint venture projects, for which an appropriate minority interests need to be accounted for.

TOTAL REVENUE BY OPERATING SEGMENTS

	Year ended 31 December				**Year-on-year**
	2012		2011		**change**
	HK$ million	**%**	HK$ million	%	**%**
Real estate development	**3,411.5**	**79.2**	4,684.3	87.9	**- 27.2**
Specialised construction	**838.1**	**19.5**	592.2	11.1	**+ 41.5**
Property investment	**56.9**	**1.3**	52.8	1.0	**+7.8**
Total revenue	**4,306.5**	**100.0**	5,329.3	100.0	**- 19.2**

TOTAL RESULTS BY OPERATING SEGMENTS

	Year ended 31 December				**Year-on-year**
	2012		2011		**change**
	HK$ million	**%**	HK$ million	%	**%**
Real estate development	**903.9**	**88.8**	1,480.2	98.1	**-38.9**
Specialised construction	**(4.4)**	**(0.4)**	(76.6)	(5.1)	**-94.3**
Property investment	**108.6**	**10.7**	98.9	6.6	**+9.8**
Securities investment	**9.2**	**0.9**	5.8	0.4	**+58.6**
Total segment profit	**1,017.3**	**100.0**	1,508.3	100.0	**-32.6**

REAL ESTATE DEVELOPMENT

Our real estate development business segment is premised on the powerful “Minmetals Land” label which we are glad to be increasingly well received and recognised in China. The Company was ranked 58th on “the List of Top 100 Real Estate Enterprises of China 2012". As of 31 December 2012, the Group’s portfolio of real estate development is centred on the economically active regions in China, particularly in the Pearl River Delta area, Yangtze River area and the Greater Beijing area. There is a total of ten projects distributed in seven cities in the PRC under vary stages of developments. The table below summarises the position of the Group's real estate development projects as at 31 December 2012.

Location/Project	Site area (sq.m.)	Estimated gross floor area (sq.m.)	Attributable interest to the Group
Nanjing, Jiangsu Province			
– Laguna Bay	310,000	319,000	71.00%
– Riveria Royale	71,000	222,000	50.89%
– Sello Royale	179,000	268,000	100.00%
Changsha, Hunan Province			
– LOHAS International Community	643,000	1,060,000	100.00%
– Scotland Town	333,000	442,000	100.00%
Tianjin			
– Minmetals International	21,000	183,000	100.00%
Yingkou, Liaoning Province			
– Platinum Bay	396,000	504,000	100.00%
Huizhou, Guangdong Province			
– Hallstatt See	984,000	1,154,000	80.00%
Haidian District, Beijing			
– Fortune Garden	139,000	416,000	51.00%
Langfang, Hebei Province			
– Beijing Celebration City	395,000	Under planning	50.00%

As at 31 December 2012, total deferred revenue of the Group is recorded at HK$1,393.3 million, as compared with HK$1,316.5 million in the prior year, indicating the sales results remain encouraging which paves way for upcoming revenue recognition.

Particulars of the Group’s real estate development projects are set out below:

1. ***Laguna Bay***

   Laguna Bay is a fairly mature residential project located in Nanjing, Jiangsu Province developed in three phases providing villas and apartment units measuring a total of approximately 310,000 square metres of gross floor area. In 2012, this project has recorded total contracted sales of RMB279.9 million. Realised sales prices in general are slightly lower than forecasted as steeper discounts had been typically attached to the clearance sales of remaining units.

The control measures applying to the Nanjing region remain unaltered during the year, but there are signs emerging that sales volume and realised prices are picking up, especially in the fourth quarter of the year as major real estate developers had already achieved or even exceeded respective annual sales targets, leaving little incentive for providing price discounts to buyers. The expectation of the arrival economic stimulus has also encouraged potential buyers in general, coupled with a slowdown in new supply. All development works of this project have basically completed. It is planned to complete the development works of a commercial complex and ancillary facilities such as school. It is noteworthy this project has successfully established a high benchmark in Nanjing and the Group has gained considerable market recognition in the region.

The pre-sale and completion schedules of Laguna Bay are as below:

	Total gross saleable floor area (sq.m.)			
	Total	**Contracted sales in 2012**	Contracted sales up to 2011	**Delivered in 2012**
Phase I	59,000	**984**	57,783	**–**
Phase II	44,000	**4,605**	36,191	**3,495**
Phase III	136,000	**23,715**	101,219	**27,323**
Total	239,000	**29,304**	195,193	**30,818**

2. Riveria Royale

Riveria Royale is the Group's second residential project in Nanjing, which is situated on a 71,000 square meter site. It comprises villas, apartment and LOFT units aiming at the higher-end market. In 2012, the sales programme for the LOFT units commenced and the average sales price of RMB21,857 per square metre was higher than forecast. Total contracted sales of the project amounted to RMB935.6 million during the year. At the same time the apartment units that were presold were delivered to buyers as scheduled. In the year ahead, another phase of the marketing programme of the remaining unsold units has been planned and the delivery of the sold units is also progressing as scheduled.

	Total gross saleable floor area (sq.m.)			
	Total	**Contracted sales in 2012**	Contracted sales up to 2011	**Delivered in 2012**
Total	176,000	**41,316**	115,197	**48,938**

3. Sello Royale

The success of both the Laguna Bay and Riveria Royale projects has laid a solid foundation for Sello Royale, which is the third residential project of the Group in Nanjing. This site measuring approximately 179,000 square metres is planned for villa development which had commenced construction in April 2012, and the first marketing campaign was launched in October 2012. Year to date the contracted sales amount was approximately RMB400 million, as a result of better than expected of both market responses and realised prices. Further development and marketing of this project is expected in 2013, and the outlook for this project is optimistic.

	Total gross saleable floor area (sq.m.)			
	Total	**Contracted sales in 2012**	Contracted sales up to 2011	**Delivered in 2012**
Total	178,000	**29,809**	–	–

4. LOHAS International Community

This wholly-owned large scale residential project is located in Changsha, Hunan Province. With a site area of approximately 643,000 square metres, the development is being built in five phases with a wide range of supporting facilities including clubhouse, shops, car parking spaces, schools, and kindergarten providing a total gross floor area of approximately 1,060,000 square metres. In 2012, the real estate sector in Changsha is characterized by relatively large volume of new supply and unsold units. The resultant effect is a dampening factor on prices and a generally slower sales flow as buyers have become more selective. Longer term, more details of the mass transit railway project of Changsha is expected to be unveiled in 2013, which should have a positive effect on the buyers' sentiment. In 2013, the phase V, the last phase of the project, will commence construction works, marking that this project is reaching the maturity and finalisation stage. The marketing status of the project is set out in the table below.

	Total gross saleable floor area (sq.m.)			
	Total	**Contracted sales in 2012**	Contracted sales up to 2011	**Delivered in 2012**
Phase I	123,000	**2,851**	113,437	**3,759**
Phase II	131,000	**12,957**	102,342	**15,895**
Phase III	200,000	**68,824**	2,667	**39,602**
Phase IV	191,000	**2,777**	–	–
Phase V	248,000	–	–	–
Total	893,000	**87,409**	218,446	**59,256**

5. *Scotland Town*

Scotland Town project is adjacent to LOHAS International Community in Changsha, and is wholly owned by the Group after it was acquired from China Minmetals in 2010. The site area of this project is approximately 333,000 square metres. It is developed over two phases comprised of villas and apartments units. In 2012, the construction of second stage of phase II of the project was completed, and the third stage will soon complete. The Group is confident about the outlook for its two Changsha projects which are well located geographically and well regarded within the market by potential home buyers.

In 2012, a total of 89,092 square metres had been completed and delivered to purchasers with corresponding sales proceeds of approximately RMB533.8 million recognised in the year.

	Total gross saleable floor area (sq.m.)			
	Total	**Contracted sales in 2012**	Contracted sales up to 2011	**Delivered in 2012**
Phase I	138,000	**3,668**	118,848	**7,599**
Phase II	241,000	**84,701**	64,398	**81,493**
Total	379,000	**88,369**	183,246	**89,092**

6. *Minmetals International*

Located in Tianjin, Minmetals International is the Group's first commercial cum residential project. It has a site area of approximately 21,000 square metres and is developed into office cum residential twin tower with a total gross floor area of approximately 183,000 square metres including approximately 22,700 square metres of commercial retail area and car parks at the basement. Total contracted sales in 2012 reached approximately RMB164.3 million and the average price achieved of RMB13,421 per square metre. The Tianjin Binhai area has been befitted by a series of favourable government initiatives but the real estate sector there had nevertheless been restrained by an abundant new supply.

In 2012, a total of 11,746 square metres had been completed and delivered to purchasers. Accordingly, sales proceeds of approximately RMB167.6 million were recognised in the year.

	Total gross saleable floor area (sq.m.)			
	Total	**Contracted sales in 2012**	Contracted sales up to 2011	**Delivered in 2012**
Total	142,000	**11,530**	99,064	**11,746**

7. Platinum Bay

This wholly-owned project is located in Yingkou City, Liaoning Province with a site area of approximately 396,000 square metres and total gross floor area of approximately 504,000 square metres upon completion. Construction works of stages I and II of the project had commenced in 2012. Presently, various factors such as labour shortage had caused procrastination in the schedule. The Group has made modification and downsized the scale of current stage to cope with the market changes. The pre-sale launched in 2012 had registered total contracted sales of RMB127.7 million.

	Total gross saleable floor area (sq.m.)			
	Total	**Contracted sales in 2012**	Contracted sales up to 2011	**Delivered in 2012**
Phase I	57,000	**9,578**	13,574	**21,732**
Phase II	38,000	**8,243**	-	**6,939**
Phase III	103,000	**-**	-	**-**
Phases IV to VI	271,000	**-**	-	**-**
Total	469,000	**17,821**	13,574	**28,671**

8. Hallstatt See

This project is located in Huizhou, Guangdong Province with a site area of 984,000 square metres. Construction of the first phase is progressing as scheduled and approval for the commencement of construction of the second phase has been forthcoming in December 2012. Pre-sale marketing of the project was first launched in April 2012 and the total contracted sales reached RMB413.8 million as at 31 December 2012. The road construction works surrounding Hallstatt See had experienced delays which had an impact on Hallstatt See's marketing programme. The Group, however, is confident that these adverse factors can be overcome and the project is expected to achieve better results in the years ahead given its location and the Group's brand name recognition in the region. 2013 will see the launch of a powerful marketing campaign of this project.

9. Fortune Garden

The project is located in the prestigious Haidian District, Beijing with a site area of approximately 139,000 square metres. It is developed into a high-end residential project providing total gross floor area of approximately 416,000 square metres. In 2012, this project recorded total contracted sales of approximately RMB1,640.6 million for a total gross saleable floor area of 40,095 square metres. Marketing programme for this project will be reinforced in 2013 following a larger amount of smaller units and more apartment types to be put on sale.

10. Beijing Celebration City

The Beijing Celebration City project was re-started in 2012, and a total of 130,000 square metres of land had been acquired in May 2012. The project is currently under planning and research stage.

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 subsidiary companies, namely Minmetals Condo (Shanghai) Construction Co., Ltd. ("Condo Shanghai") for the PRC market and Minmetals Condo (Hong Kong) Engineering Company Limited ("Condo HK") for the Hong Kong market. Revenue derived from this operating segment showed an increase of 41.5% in 2012, and the operating results of this operating segment, net of intra-group transactions, showed an operating loss of HK$4.4 million in 2012, as compared to HK$76.6 million in 2011.

Condo Shanghai

Condo Shanghai had made good progress in enhancing its professional competence in 2012. The trend of urbanisation and more activities in commercial property developments which are not subject to the restrictive controls had provided ample opportunities for Condo Shanghai amidst ongoing tightening measures being imposed on China's real estate industry during the year. The development of collaborative partnership with government and state owned enterprises and the focus on higher value contracts are the drivers for the company's performance. Condo Shanghai's revenue rose 20.7% to HK$752.0 million (including HK$34.1 million generated from inter-company transactions (2011: HK$113.8 million)) whilst profit growth was effectively flat. Looking ahead, the PRC market shall continue to provide a steady supply of new construction works, but cost control, shortage of skilled labour and fierce competition will need to be managed on an ongoing basis.

Condo HK

Condo HK achieved a commendable increase in revenue in the year under review, premised upon a buoyant property market in Hong Kong and the steady release of infrastructure projects by the government. Revenue and profit in 2012 recorded, respectively, increased 44.7% and 120.2% compared to last year, to approximately HK$120.2 million and HK$0.2 million. The challenges arising from cost driven pressure and intense competition persisted. The technical prowess of Condo HK was further enhanced upon the establishment of a specialised design workshop across the border in Shenzhen to cater for designing works of Condo HK. Profit outlook for Condo HK is favourable as it has established a sound professional reputation giving it more opportunities to be involved in sizable projects. The real estate market in Hong Kong is expected to remain active and buoyant in the foreseeable future providing a steady stream of project works. In addition, the two Condo companies are working closely together in sharing industry information and making client referral and project reference for each other generating substantial synergistic benefits.

PROPERTY INVESTMENT

The Group's investment property portfolio in Hong Kong comprises two commercial office buildings, namely China Minmetals Tower in Tsimshatsui and ONFEM Tower in Central, plus four residential units, all of which are located in Hong Kong. In 2012, revenue from this operating segment showed a modest increase of 7.6%, rising from HK$52.8 million in 2011 to HK$56.8 million (excluding HK$1.6 million generated from inter-company transactions (2011: HK$1.0 million)) in 2012. Such performance is the result of the mixed contribution from the two commercial buildings during the year despite a generally strong Hong Kong property market in 2012. China Minmetals Tower, situated in Tsimshatsui, had experienced a reduction in total rental income as lower occupancy rate had outstripped the effect of higher average rental income. There are a number of buildings surrounding China Minmetals Tower presently under development and the associated noise and environmental issues have an adverse impact on attracting new tenants. ONFEM Tower in Central, on the other hand, had benefited from the favourable rental revision and a de-facto full occupancy. Cost pressures remained real in Hong Kong because of cost push pressures and focus of this operating segment is to seek further refinement in property management expertise and to continue to upgrade the portfolio to attain higher investment values. Such endeavours had received market recognition in 2012 with the China Minmetals Tower and ONFEM Tower being awarded "Outstanding Managed Property" and "Outstanding Commercial Property Management" respectively.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to derive funds primarily from cash generated from business operations, bank borrowings and borrowings from a fellow subsidiary of the Company. In 2012, 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 2012, total cash and bank balances of the Group stood at HK$2,530.4 million (2011: HK$3,022.1 million), 16.3% lower than the corresponding figure in 2011.

As at 31 December 2012, cash and bank deposits of the Group excluding restricted cash and bank deposits were HK$2,419.3 million (2011: HK$2,858.5 million), of which 81.6%, 14.8%, 3.6% (2011: 70.4%, 21.7%, and 7.9%) 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. This comprises borrowings from banks and a fellow subsidiary of the Company amounting to HK$4,981.3 million (2011: HK$5,232.2 million). The Group has substantial financial facilities at its disposal having a combined banking facility of HK$5,857.6 million as at the end of 2012, as compared with HK$6,509.0 million in 2011. Unutilised banking facilities of the Group amounted to HK$1,951.8 million as at 31 December 2012 (2011: HK$3,665.2 million). The gearing ratio of net debt to total equity of the Group as at 31 December 2012 was 31.0% (2011: 30.5%). 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 and other financial indicators of the Group remain within an acceptable range.

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

	31 December 2012		31 December 2011	
	HK$ million	**%**	HK$ million	%
Within one year	**1,901.3**	**38.2**	2,773.1	53.0
In the second to fifth year	**3,080.0**	**61.8**	2,459.1	47.0
	4,981.3	**100.0**	5,232.2	100.0

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

	31 December 2012		31 December 2011	
	HK$ million	**%**	HK$ million	%
Renminbi	**1,683.8**	**33.8**	2,984.4	57.0
Hong Kong dollar	**3,297.5**	**66.2**	2,247.8	43.0
	4,981.3	**100.0**	5,232.2	100.0

The Group's borrowings were on a floating interest rate basis. Finance costs charged to the consolidated income statement for the year ended 31 December 2012 amounted to HK$186.5 million (2011: HK$31.1 million) after capitalisation of HK$99.5 million (2011: HK$205.6 million) into the cost of properties under development.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

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. During the year under review, most of the transactions of the Group were denominated in Hong Kong dollar and Renminbi. Accordingly, the Group has exposure to exchange rate movements between Hong Kong dollar and Renminbi. To the extent that the anticipated continuing strength of Renminbi would have a positive impact in Hong Kong dollar terms, on the Group's assets in and income generated from the PRC, the Group had not implemented any hedging or other alternative measures during the year but is closely monitoring the aforesaid exchange rate risks. As at 31 December 2012, the Group did not have any exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

CHARGES ON GROUP ASSETS

As at 31 December 2012, 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$1,042.7 million (2011: HK$982.6 million);

ii. land and buildings of approximately HK$78.9 million (2011: HK$79.6 million); and

iii. properties under development with carrying amounts of approximately HK$1,124.6 million (2011: HK$840.2 million).

FINANCIAL GUARANTEES AND CONTINGENT LIABILTIES

As at 31 December 2012, guarantees given to banks for mortgage facilities granted to certain buyers of the Group's properties amounted to HK$1,788.5 million (2011: HK$1,972.9 million). 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 purchases 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 financial statements for the guarantees.

At 31 December 2012, the Company had executed corporate guarantees amounting to approximately HK$5,090.4 million (2011: HK$5,090.5 million) to various banks in respect of banking facilities extended to subsidiaries. At 31 December 2012, the utilised facilities, under which corporate guarantees from the Company were given, amounted to approximately HK$3,377.1 million (2011: HK$2,335.1 million).

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 has been expanded further from 870 at the beginning of the year to 1,090 including the Directors as at 31 December 2012. We are thankful for their 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 standards. Total remuneration and benefits of the Directors and staff of the Group for the year ended 31 December 2012 were HK$180.5 million (2011: HK$163.1 million).

SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") was adopted on 29 May 2003 and shall remain in force for 10 years from that date. The purpose of adopting the Share Option Scheme is to recognise and acknowledge the contributions that the eligible person (as defined in the Share Option Scheme) had made or may from time to time make to the Group, whether in the past or in the future. Details of the Share Option Scheme will be set out in the 2012 annual report of the Company.

As at 31 December 2012 there were 69,307,334 (2011: 11,401,334) outstanding share options granted under the Share Option Scheme.

The Share Option Scheme will expire on 28 May 2013. The Board considers that it is in the interests of the Company to adopt a new share option scheme at the forthcoming annual general meeting with a view to continue to provide incentives or rewards to eligible persons. Details of the new share option scheme will be set out in the circular to be despatched to the shareholders of the Company.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK1 cent (2011: HK1 cent) per share payable in cash to shareholders whose names appearing on the register of members of the Company on Friday, 14 June 2013.

The dividend cheques will be distributed to shareholders on or about Friday, 28 June 2013.

ANNUAL GENERAL MEETING

An annual general meeting of the shareholders of the Company is convened to be held on Friday, 7 June 2013 (the "2013 AGM"). The notice of the 2013 AGM forms part of the circular to be dispatched to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Wednesday, 5 June 2013 to Friday, 7 June 2013 (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 2013 AGM.

In order to qualify to attend and vote at the 2013 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 Tuesday, 4 June 2013.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Tuesday, 11 June 2013 to Friday, 14 June 2013 (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 Monday, 10 June 2013.

CORPORATE GOVERNANCE

Corporate Governance Code

In the opinion of the Directors, throughout the year ended 31 December 2012, the Company has complied with the code provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) 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 deviations:

(i) 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.

(ii) Code provision A.6.7 requires that independent non-executives directors and non-executive directors to attend general meetings of listed companies to develop a balanced understanding of the views of shareholders.

Mr. Tian Jingqi, Mr. Liu Zeping and Mr. Pan Zhongyi (resigned on 27 December 2012), being Non-executive Directors, were not available to attend the 2012 annual general meeting and special general meeting of the Company held on 29 May 2012 respectively due to ad hoc business commitment.

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 2012.

REVIEW BY AUDIT COMMITTEE

The audit committee had reviewed the consolidated financial statements of the Group for the year ended 31 December 2012 and had also discussed auditing, internal control and financial reporting matters including the review of accounting practices and principles adopted by the Group.

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 2012.

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, 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, Maria as Independent Non-executive Directors.

By order of the Board
He Jianbo
Managing Director

Hong Kong, 27 March 2013

The Company's 2012 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 2012 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*