五礦建設有限公司*

MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)
（於百慕達註冊成立之有限公司）
Stock Code 股份代號：230

2012 Annual Report 年報

*For identification purpose only 僅供識別

About Us

Minmetals Land Limited is a subsidiary and the sole listed real estate flagship of China Minmetals Corporation. Minmetals Land Limited's principal business includes real estate development and specialised construction. Currently, its real estate development business covers the Pearl River Delta, Yangtze River Delta, central China and Pan Bohai Rim regions; while the specialised construction business that based in Shanghai and Hong Kong has coverage in more than fifty cities in the country.

Contents

Corporate Information

NON-EXECUTIVE DIRECTORS
Mr. Sun Xiaomin – Chairman
Mr. Tian Jingqi
Mr. Liu Zeping

EXECUTIVE DIRECTORS
Mr. He Jianbo — Deputy Chairman & Managing Director
Mr. Yin Liang — Senior Deputy Managing Director
Ms. He Xiaoli — Deputy Managing Director

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Lam Chun, Daniel
Mr. Selwyn Mar
Ms. Tam Wai Chu, Maria

COMPANY SECRETARY
Ms. Chung Wing Yee

INDEPENDENT AUDITOR
PricewaterhouseCoopers
22nd Floor, Prince's Building,
Central, Hong Kong

PRINCIPAL BANKERS
Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Agricultural Bank of China Limited
China Merchants Bank Co., Ltd.

BRANCH SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
Shops 1712–1716,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Hong Kong

REGISTERED OFFICE
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22 Victoria Street,
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18th Floor, China Minmetals Tower,
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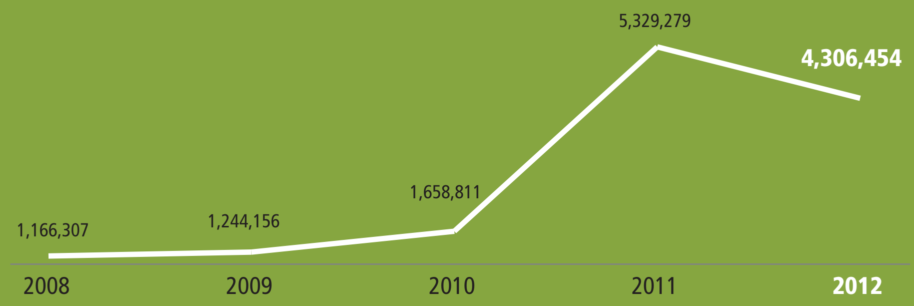
Tel: 2613 6363
Fax: 2581 9823
Email: info@minmetalsland.com

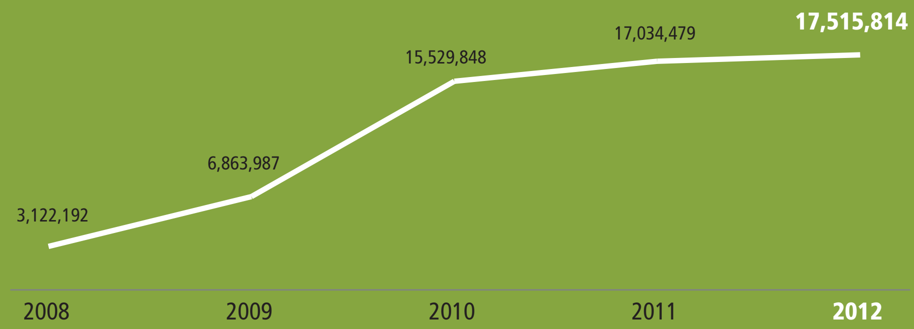
WEBSITE
http://www.minmetalsland.com

Financial Highlights

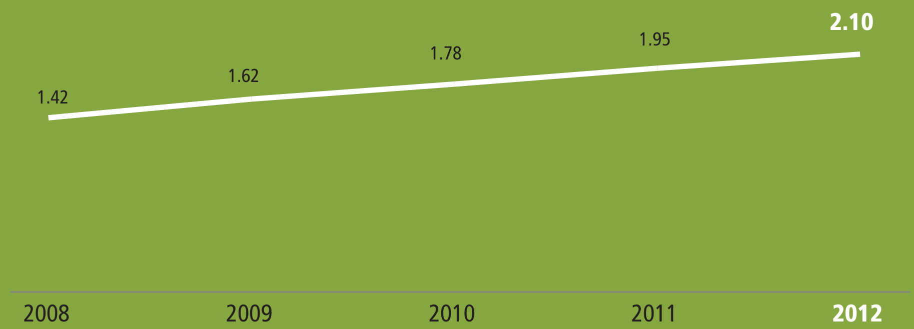
REVENUE
(HK$'000)
For the year ended 31 December



TOTAL ASSETS
(HK$'000)
As at 31 December



NAV PER SHARE
(HK$)
As at 31 December



2012 Event Highlights

MARCH

Opening ceremony of Hallstatt See, Huizhou

MAY

Sales Office Opening Ceremony of Platinum Bay, Yingkou

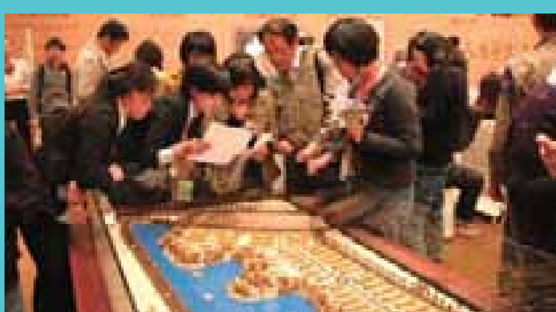
JUNE

Signing ceremony of tripartite cultural program by Boluo County, China, Minmetals Land and Hallstatt, Austria

AUGUST

Mr. He Jianbo, Deputy Chairman & Managing Director of Minmetals Land, at the 2012 Boao Real Estate Forum

OCTOBER



Sello Royale, Nanjing launched the first pre-sale with sales reached RMB300 million

DECEMBER

Minmetals Land forming strategic alliance with the People's Government of Zhengzhou

2012 total contracted sales reached RMB5 billion

Honours and Awards

REAL ESTATE DEVELOPMENT

- Minmetals Land ranked 58th on "Top 100 Real Estate Enterprises of China 2012" and 19th on "Real Estate Enterprises with Top Brand Value"
- Fortune Garden, Beijing was awarded the "UK BALI Landscaping Award"
- Hallstatt See, Huizhou was awarded the "Innovative Cultural and Resort Theme Award" and "2012 Top 10 Trendy Project Award"
- Sello Royale, Nanjing was awarded the "2012 Quality Excellence Home Award"
- LOHAS International Community, Changsha was awarded the "2012 Best Ecology Residential Project Award"
- Platinum Bay, Yingkou was awarded the "2012 Most Charming Residential Project Award"

SPECIALISED CONSTRUCTION

CONDO SHANGHAI:

- Minmetals International, Tianjin and Wanda Plaza, Fuzhou were awarded the "2012 Shanghai Construction Award"
- the design and construction of curtain wall and roofing system of Tianjin Konggang Coliseum and Tianjin Cultural Centre were awarded the "Tianjin Haihe Competition 2012"
- the successful franchise registration of three newly developed technology in relation to openable skylighting and stone cladding components with the State Intellectual Property Office of China

PROPERTY INVESTMENT

- China Minmetals Tower, Hong Kong was awarded "Outstanding Managed Property" in 2011 and 2012
- ONFEM Tower, Hong Kong was awarded "Outstanding Commercial Property Management" in 2011 and 2012

PROPERTY MANAGEMENT

- Nanjing Grace Home's property management qualifications was promoted from Class III to Class II
- Yingkou Grace Home was accredited as the "Property Management Benchmark in Yingkou"
- Huizhou Grace Home, the first company in Huizhou admitted as a member of the Golden Key Properties Alliance

Minmetals Land was honoured the "2012 International ARC Award — overall Annual Report: Property"

Five-Year Financial Summary

	2012 HK$'000	2011 HK$'000 (Restated)	2010 HK$'000 (Restated)	2009 HK$'000 (Restated)	2008 HK$'000 (Restated)
Results					
Revenue	**4,306,454**	5,329,279	1,658,811	1,244,156	1,166,307
Operating profit	**909,637**	1,384,619	809,019	213,974	182,894
Finance income	**91,271**	79,591	14,111	13,316	17,238
Finance costs	**(186,460)**	(31,119)	(1,867)	(181)	(400)
Share of results of associated companies	**(28,008)**	(20,426)	(2,936)	—	—
Profit before tax	**786,440**	1,412,665	818,327	227,109	199,732
Tax charge	**(356,932)**	(640,758)	(209,029)	(71,186)	(70,814)
Profit for the year from continuing operations	**429,508**	771,907	609,298	155,923	128,918
Loss for the year from discontinued operations	**—**	—	—	—	(475)
Profit for the year	**429,508**	771,907	609,298	155,923	128,443
Profit attributable to:					
Equity holders of the Company	**273,804**	610,549	527,449	129,417	140,998
Non-controlling interests	**155,704**	161,358	81,849	26,506	(12,555)
Assets and liabilities					
Non-current assets	**2,904,977**	1,831,845	1,910,965	1,664,858	984,641
Current assets	**14,610,837**	15,202,634	13,618,883	5,199,129	2,137,551
Total assets	**17,515,814**	17,034,479	15,529,848	6,863,987	3,122,192
Capital and reserves attributable to equity holders of the Company	**7,005,111**	6,505,651	5,924,311	4,420,562	1,582,474
Non-controlling interests	**896,143**	746,400	356,476	314,673	194,918
Total equity	**7,901,254**	7,252,051	6,280,787	4,735,235	1,777,392
Non-current liabilities	**3,212,095**	2,609,195	790,119	613,248	17,814
Current liabilities	**6,402,465**	7,173,233	8,458,942	1,515,504	1,326,986
Total liabilities	**9,614,560**	9,782,428	9,249,061	2,128,752	1,344,800
Total equity and liabilities	**17,515,814**	17,034,479	15,529,848	6,863,987	3,122,192

南京 Nanjing

Laguna Bay

Location	:	At the junction of Xue Si Road and Xue Qi Road, Science Park, Jiangning District, Nanjing, Jiangsu Province, the PRC
Usage	:	Residential
Site area	:	Approximately 310,000 square metres
Gross floor area	:	Approximately 319,000 square metres
Group's interest	:	71%
Construction completion date	:	4Q 2012

GFA **319,000** sq.m.

Group Properties

南京 Nanjing

Riveria Royale

Location	:	No. 188 Mengdu Avenue, Jianye District, Nanjing, Jiangsu Province, the PRC
Usage	:	Residential
Site area	:	Approximately 71,000 square metres
Gross floor area	:	Approximately 222,000 square metres
Group's interest	:	50.89%
Construction completion date	:	2Q 2012

GFA **222,000** sq.m.

南京 Nanjing

GFA **268,000** sq.m.

Sello Royale

Location	:	At south of Hongjing Road, Science Park, Jiangning District, Nanjing, Jiangsu Province, the PRC
Usage	:	Residential
Site area	:	Approximately 179,000 square metres
Gross floor area	:	Approximately 268,000 square metres
Group's interest	:	100%
Expected construction completion date	:	2014

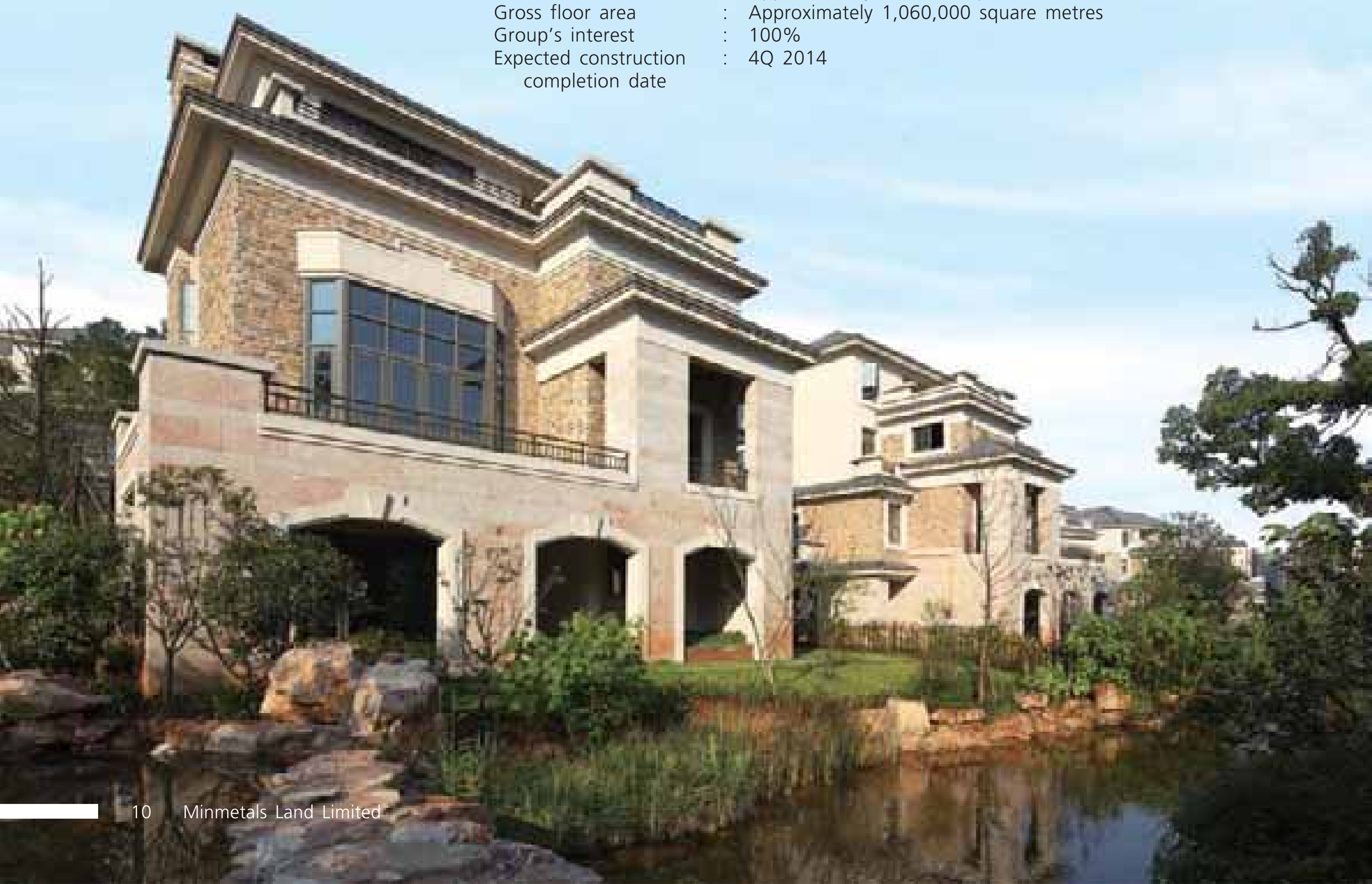
Group Properties

長沙 Changsha

GFA **1,060,000** sq.m.

LOHAS International Community

Location	:	At Gaoyun Road, Muyun Town, Changsha County, Hunan Province, the PRC
Usage	:	Residential
Site area	:	Approximately 643,000 square metres
Gross floor area	:	Approximately 1,060,000 square metres
Group's interest	:	100%
Expected construction completion date	:	4Q 2014



長沙 Changsha

GFA **442,000** sq.m.

Scotland Town

Location	:	At Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province, the PRC
Usage	:	Residential
Site area	:	Approximately 333,000 square metres
Gross floor area	:	Approximately 442,000 square metres
Group's interest	:	100%
Expected construction completion date	:	4Q 2013

Group Properties

惠州 *Huizhou*

GFA **1,154,000** sq.m.

Hallstatt See

Location	:	Mai Tian Ling, Boluo County, Huizhou City, Guangdong Province, the PRC
Usage	:	Residential
Site area	:	Approximately 984,000 square metres
Gross floor area	:	Approximately 1,154,000 square metres
Group's interest	:	80%
Expected construction completion date	:	2016

北京 Beijing

GFA **416,000** sq.m.

Fortune Garden

Location	:	Xibeiwang Town, Haidian District, Beijing, the PRC
Usage	:	Residential
Site area	:	Approximately 139,000 square metres
Gross floor area	:	Approximately 416,000 square metres
Group's interest	:	51%
Expected construction completion date	:	2015

Group Properties

营口 Yingkou

GFA **504,000** sq.m.

Platinum Bay

Location	:	Liaoning (Yingkou) Coastal Industrial Base, Yingkou City, Liaoning Province, the PRC
Usage	:	Residential
Site area	:	Approximately 396,000 square metres
Gross floor area	:	Approximately 504,000 square metres
Group's interest	:	100%
Expected construction completion date	:	2015

河北 Hebei

Beijing Celebration City

Location	:	Jingxintun Town, Xianghe County, Langfang City, Hebei Province, the PRC
Usage	:	Residential
Site area	:	Approximately 395,000 square metres
Gross floor area	:	Under planning
Group's interest	:	50%
Expected construction completion date	:	Under planning

Group Properties

天津 Tianjin

GFA **183,000** sq.m.

Minmetals International

Location	:	At east of Yingbin Main Road and south of Tuochang Road, Tanggu District, Tianjin, the PRC
Usage	:	Commercial and residential
Site area	:	Approximately 21,000 square metres
Gross floor area	:	Approximately 183,000 square metres
Group's interest	:	100%
Construction completion date	:	2011

Group Properties

Major Investment Properties

香港 Hong Kong

China Minmetals Tower

Location	:	No. 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Usage	:	Commercial
Lease term	:	Medium term

ONFEM Tower

Location	:	No. 29 Wyndham Street, Central, Hong Kong
Usage	:	Commercial
Lease term	:	Long term

Chairman's Statement

Sun Xiaomin
Chairman

The year of 2012 has presented significant challenges to the Group and other operators alike as China's real estate market has continued to be restrained by the government's austerity policy imposed on the sector. Major policy measures have shown no signs of change and focus on restricting home purchase and access to bank mortgage financing. These initiatives have placed limitations on the demand side and consequently lowered the transaction volumes and prices. The financial performance of the Group had therefore been adversely affected. The profitability declined mainly due to lower sales volume which were delivered and booked in the financial year of 2012. The Group's net profit for the year decreased from HK$771.9 million to HK$429.5 million in 2012, representing a year-on-year reduction of 44.4%. The adjustment at the revenue level was more subdued, which decreased 19.2% from HK$5,329.3 million in 2011 to HK$4,306.5 million in 2012.

Whilst the overall regulatory environment and market conditions can be described as demanding, we had responded to the challenges with resolution and perseverance and continued with our ongoing efforts in lifting our core competence in all fronts. The Group's brand name and key values are invaluable in the context of the real estate sector. In 2012, we are pleased that our effort has shown further accomplishment, raising competitive advantages and market recognition. The Group expects its executives, employees and business partners to act with integrity not only in building the "Minmetals Land" brand name but also in enhancing its brand development in all business undertakings.

The outlook for global economic situation and the macro and industry conditions in China in 2013 remain challenging. The eurozone economy is expected to face continuous stresses as a result of the sovereign debt crisis. In the US, the economic growth remains weak and budget issues remain the chief impediment to faster recovery. More significantly, the current austerity measures imposed on the real estate sector is unlikely to be reversed, as the PRC central government is seriously concerned about the socio-economic impacts of the runaway property prices. That said, after the first introduction of such control measures in 2008, most industry operators have displayed better adaptation to the changed regulatory landscape and in meeting proportionately higher end user demand. This is attributed to the rising income, family formation and relatively larger urban population, which emerged to support a more sustained market growth trend. We will closely monitor such economic and industry trends and make necessary adjustments in our sales and marketing strategy. We will also be actively seeking suitable opportunities to enlarge our land bank which stands at approximately 4.0 million square metres as of 31 December 2012 (2011: 3.70 million square metres). In March 2013, our Group had acquired a new site in Nanjing with gross floor area of approximately 362,000 square metres, increasing our land bank to approximately 4.4 million square metres.

We expect the real estate industry in China to undergo further consolidation as a result of both rising consumer demand and industry adjustments. The Group will remain resilient in the process of industry correction and focus on identifying new growth opportunities. In this regard, we will continue to seek further improvements upon our project development and operational capabilities and to build a stronger pool of resources through the areas of staffing, finance and project portfolio to meet expected higher market demand and customer requirements. Armed with our strengths and core competences and the support from China Minmetals, we are well positioned to further expand in China's real estate market. We shall continue to seek sustained improvements and to raise our overall resources with a view to reinforcing our position as the real estate development flagship and investment vehicle of China Minmetals, as well as in the China's property sector.

I would like to take this opportunity to thank all our shareholders for their continuous support in our Group. I am also thankful to all our employees whose devotion and dedication are the major driving force of our success.

Sun Xiaomin
Chairman

Management Discussion and Analysis

He Jianbo
Deputy Chairman & Managing Director

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.

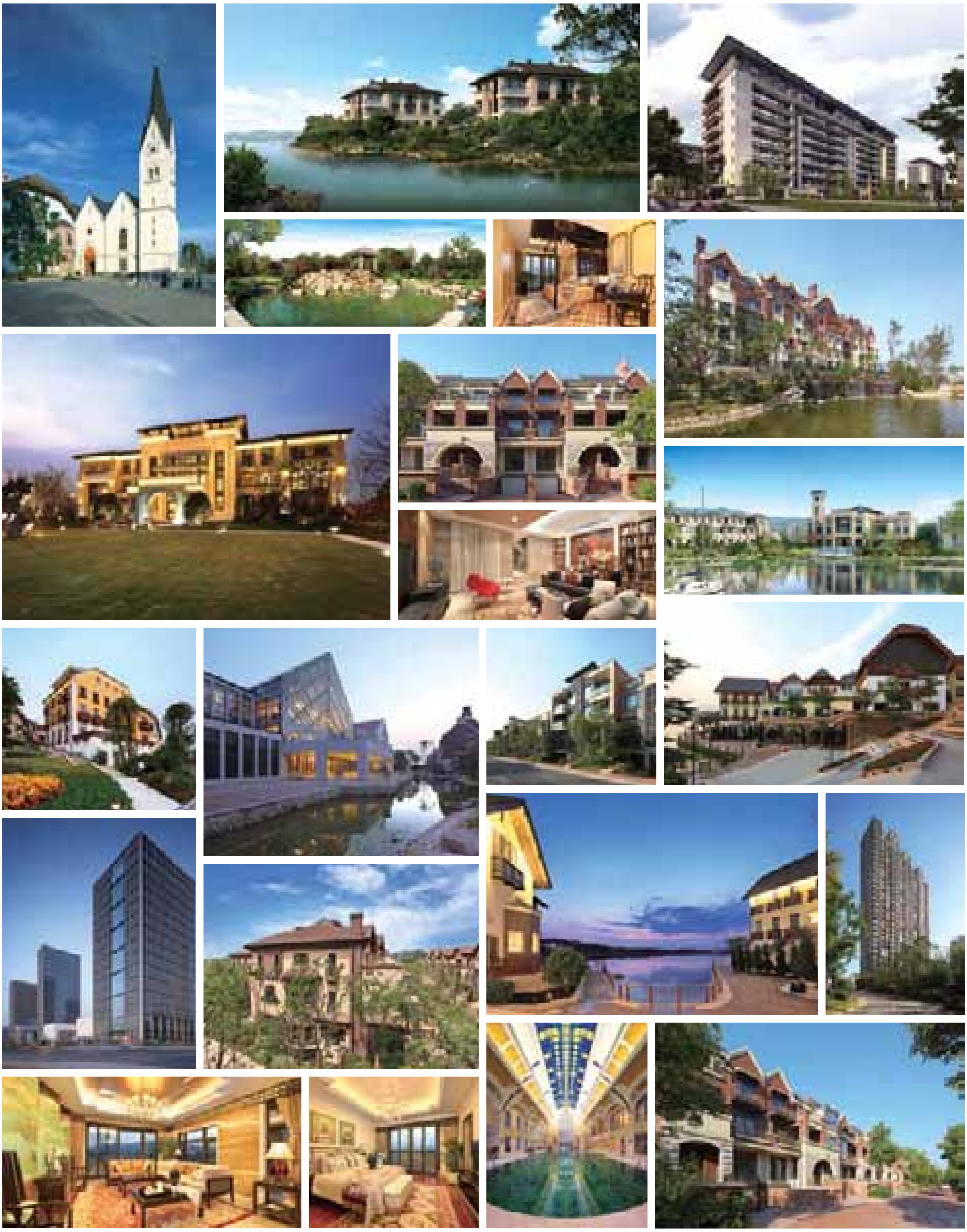
Since there are clear signs emerging that inflation in China has been dampened, the central bank has in 2012 commenced reducing both interest rates and deposit reserve ratio in support of economic growth. Including other tax incentives and pension fund policy changes, it can be expected the user demand 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 ranked 58th on "Top 100 Real Estate Enterprises of China 2012" and 19th on "Real Estate Enterprises with Top Brand Value". 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%
Huizhou, Guangdong Province			
Hallstatt See	984,000	1,154,000	80.00%
Haidian District, Beijing			
Fortune Garden	139,000	416,000	51.00%
Yingkou, Liaoning Province			
Platinum Bay	396,000	504,000	100.00%
Langfang, Hebei Province			
Beijing Celebration City	395,000	Under planning	50.00%
Tianjin			
Minmetals International	21,000	183,000	100.00%

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 that 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 RMB400.2 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 characterised 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 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 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. Hallstatt See

Hallstatt See 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 this 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 this 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.

	Total gross saleable floor area (sq.m.)			
	Total	**Contracted sales in 2012**	Contracted sales up to 2011	**Delivered in 2012**
Total	1,020,200	**41,547**	—	**23,147**

7. **Fortune Garden**

Fortune Garden 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.

	Total gross saleable floor area (sq.m.)			
	Total	**Contracted sales in 2012**	Contracted sales up to 2011	**Delivered in 2012**
Total	259,000	**40,095**	—	—

8. **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**

9. **Beijing Celebration City**

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

10. **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 towers 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 RMB167.8 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**

Management Discussion and Analysis

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 Condo Shanghai for the PRC market and 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$1.1 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 LIABILITIES

Details of the financial guarantees of the Company and the Group are set out in Note 32 to the consolidated financial statements.

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).

He Jianbo
Deputy Chairman & Managing Director

Corporate Governance Report

The Board is pleased to present the corporate governance report for the year ended 31 December 2012.

The Board and the management of the Company are committed to and responsible for the maintenance of good corporate governance practices. The Board has put in place a corporate governance structure for the Company which is principally responsible for setting directions, formulating strategies, monitoring performance and managing risks of the Group. The respective Board committees oversee particular aspects of the Company's affairs and perform their distinct roles in accordance with their respective terms of reference.

The Board acknowledges the amendments to the SFO and the Listing Rules with regard to the disclosure of inside information which came into effect on 1 January 2013. In this connection, the Board has adopted a "Policy on Disclosure of Inside Information" in December 2012.

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 CG Code (effective from 1 April 2012) as set out in Appendix 14 to 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-executive 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 unavailable to attend the 2012 annual general meeting and special general meeting of the Company held on 29 May 2012 due to ad hoc business commitment.

BOARD OF DIRECTORS

The Board assumes the responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs. The day-to-day management, administration and operation of the Company, however, are delegated to the management of the Company.

BOARD OF DIRECTORS (Cont'd)

The Board currently comprises nine members, the composition of which is set out below:

Name of Director	Designation	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Sun Xiaomin	Chairman and Non-executive Director			M	C
Mr. He Jianbo	Deputy Chairman, Managing Director and Executive Director	C		M	M
Mr. Yin Liang	Senior Deputy Managing Director and Executive Director	M			
Ms. He Xiaoli	Deputy Managing Director and Executive Director	M			
Mr. Tian Jingqi	Non-executive Director				
Mr. Liu Zeping	Non-executive Director				
Mr. Lam Chun, Daniel	Independent Non-executive Director		M	M	M
Mr. Selwyn Mar	Independent Non-executive Director		C	M	M
Ms. Tam Wai Chu, Maria	Independent Non-executive Director		M	C	M

C: Chairman M: Member

Biographical details of Directors are set out in the section headed "Directors' and Senior Management's Profile" in this annual report. To the best knowledge of the Company, there are no financial, business, family or other material or relevant relationships amongst members of the Board.

All Non-executive Directors are appointed for a specific term of three years. They are subject to retirement by rotation and re-election provisions of the Bye-laws.

The Company has met the requirements of the Listing Rules to have at least three Independent Non-executive Directors representing at least one-third of the Board and with at least one Independent Non-executive Director possessing appropriate accounting and financial management expertise and professional qualifications.

Mr. Lam Chun, Daniel, an Independent Non-executive Director of the Company, is an honorary consultant of Shanghai City Development Law Firm 上海市建緯律師事務所 ("SCD"), a lawyer firm in the PRC which is the legal advisor acting for a wholly-owned subsidiary of the Company in a litigation proceeding conducted in the PRC and also provides other legal services to the Group from time to time. Mr. Lam is not a director, partner, principal or employee of SCD nor has any administrative or management role in SCD. Mr. Lam confirms that he receives no economic or monetary benefit from the position nor do any obligations or duties arise which he must or is encouraged to perform.

BOARD OF DIRECTORS (Cont'd)

Written confirmations were received from all of the Independent Non-executive Directors confirming their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the Independent Non-executive Directors are independent.

The Board held four regular meetings in 2012. Notice of at least fourteen days is given for a regular Board meeting. The attendance of the Directors is as follows:

Name of Director	Attendance
Mr. Sun Xiaomin	4/4
Mr. He Jianbo	4/4
Mr. Yin Liang	4/4
Ms. He Xiaoli	4/4
Mr. Tian Jingqi	3/4
Mr. Liu Zeping	2/4
Mr. Lam Chun, Daniel	4/4
Mr. Selwyn Mar	4/4
Ms. Tam Wai Chu, Maria	4/4
Mr. Qian Wenchao (resigned on 27 December 2012)	2/4
Mr. Yang Lu (resigned on 27 December 2012)	4/4
Mr. Pan Zhongyi (resigned on 27 December 2012)	3/4

The Directors acknowledge that they have a duty to act in good faith and in the best interests of the Company and commit themselves to spend sufficient time to perform their responsibilities. They are also aware of their collective and individual responsibilities to Shareholders. As such, they must take an active interest in the Company's affairs and obtain a thorough understanding of the business of the Company.

Further, the Company enables the Directors, upon request, to seek advice from independent professional advisors at the Company's expense in the process of discharging their duties. The Company has also arranged for appropriate liability insurance to indemnify Directors for their liabilities arising from corporate activities.

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

On appointment to the Board, each Director receives a comprehensive induction package covering the Company's constitutional documents, the policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant requirements.

The Directors are regularly briefed on the amendments to or updates on the Listing Rules, corporate governance practices and other regulatory regime. The Company also provides monthly reports to Directors which contains updates on the business development of the Company. During the year, two in-house seminars were conducted covering the topics of Director's duties, corporate governance practices, taxation issues and the new or proposed statutory provision and requirements under the Listing Rules and the SFO.

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT (Cont'd)

All Directors have participated in continuous professional development and the individual training record from each Director for the year ended 31 December 2012 is set out below:

Directors	Paying visits to Company's projects & subsidiaries	Briefings & updates on the business operations, regulatory & corporate governance matters	Attending or participating in expert briefings, seminars, conferences relevant to the business or directors' duties
Non-Executive Directors:			
Mr. Sun Xiaomin	√	√	√
Mr. Tian Jingqi	√	√	√
Mr. Liu Zeping	√	√	√
Mr. Pan Zhongyi (resigned on 27 December 2012)	√	√	√
Executive Directors:			
Mr. He Jianbo	√	√	√
Mr. Yin Liang	√	√	√
Ms. He Xiaoli	√	√	√
Mr. Qian Wenchao (resigned on 27 December 2012)	√	√	√
Mr. Yang Lu (resigned on 27 December 2012)	√	√	√
Independent Non-executive Directors:			
Mr. Lam Chun, Daniel	√	√	√
Mr. Selwyn Mar	√	√	√
Ms. Tam Wai Chu, Maria	√	√	√

CHAIRMAN AND MANAGING DIRECTOR

Mr. Sun Xiaomin is the Chairman of the Board and Mr. He Jianbo is the Managing Director of the Company. This segregation of roles ensures that there is a clear distinction between the broad strategic direction of the Group and the management of the Board by the Chairman and the strategic planning and day-to-day management of the Group's business by the Managing Director. The respective responsibilities of the Chairman and the Managing Director are set out in the Company's internal documentation entitled "Guidelines in respect of the Responsibilities of the Board of Directors".

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" ("Rules for Securities Transactions") on terms no less exacting than those contained in the Model Code 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.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing financial statements that give a true and fair view of the state of affairs of the Group and its results and cash flows for the relevant financial period. In preparing the consolidated financial statements for the year ended 31 December 2012, the Directors ensured that the consolidated financial statements had been prepared in accordance with statutory requirements and applicable accounting standards; made judgments and estimates that are prudent, fair and reasonable; and had prepared the consolidated financial statements on a going concern basis. The Directors are also responsible for the timely publication of the consolidated financial statements of the Group.

The Directors confirm that, having made all reasonable enquiries, that to the best of their knowledge, information and belief, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement made by PwC, the independent auditor of the Company, about their reporting responsibilities on the consolidated financial statements of the Group is set out in the "Independent Auditor's Report" in this annual report.

INTERNAL CONTROL

The Board has overall responsibilities for internal control system of the Group and, through the Audit Committee, reviewed its effectiveness to protect Shareholders' interest and to safeguard the Group's assets. The Board has authorised the management to design, implement and maintain such internal control system like clearly defined responsibilities, investment decision system and budgeting system for performance appraisal, etc.

During the year ended 31 December 2012, the Audit Committee has assisted the Board in reviewing the Group's financial, operational and compliance controls, and risk management functions, ensuring that controls and risk management measures and procedures are properly implemented. The Group's Internal Audit Department follows a risk-and-control-based approach. Different audit areas are assigned risk ratings and an audit plan is formulated in a risk-weighted manner so that priorities and appropriate audit frequency are given to areas with higher risks. The Group's Internal Audit Department has conducted audits to inspect and evaluate the Group's financial control, operational control, and compliance control and risk management on a regular or as-needed basis, and submitted internal audit reports directly to the Audit Committee, with the purpose of ensuring that the effectiveness of the internal control system of the Group has been improving continuously. The Audit Committee would make recommendations to the management and submit regular reports to the Board on the basis of such audit findings and views.

BOARD COMMITTEES

A. Audit Committee

All the members of the Audit Committee are Independent Non-executive Directors. The Audit Committee is principally responsible for providing independent review of the effectiveness of the financial reporting procedures and internal control system of the Group; reviewing the appointment of independent auditor and the efficiency and quality of their work; and reviewing all internal audit reports as well as management feedback to such reports.

On 14 March 2012, the Board adopted a set of revised terms of reference of the Audit Committee which has included changes in line with the CG Code requirements effective from 1 April 2012.

The Audit Committee held two meetings in 2012. The attendance of the members of the Audit Committee is as follows:

Members of the Audit Committee	Attendance
Mr. Selwyn Mar — Chairman	2/2
Mr. Lam Chun, Daniel	2/2
Ms. Tam Wai Chu, Maria	2/2

The major tasks accomplished by the Audit Committee during the year are as follows:

a. reviewed the consolidated financial statements of the Group for the year ended 31 December 2011 and the independent auditor's letter to the management, and the annual results announcement, and made recommendation to the Board for approval;

b. reviewed the interim financial information of the Group for the six months ended 30 June 2012 and the interim results announcement, and made recommendation to the Board for approval;

c. reviewed the management recommendations furnished by the independent auditor and the responses from the Group's management;

d. reviewed the audit strategy submitted by the independent auditor, and made recommendation to the Board for their appointment, remuneration and terms of engagement on audit services for the financial year ended 31 December 2012;

e. reviewed and made recommendations to the Board on the remuneration and terms of engagement of the independent auditor for providing non-audit services;

f. reviewed with the management the accounting principles and practices adopted by the Group;

g. assisted the Board in conducting independent evaluation of the effectiveness of the Group's financial reporting procedures and internal control systems;

BOARD COMMITTEES (Cont'd)

A. Audit Committee (Cont'd)

h. ensured that the management has fulfilled its duty to establish and maintain an effective internal control system including adequacy of resources, qualifications and experience of staff working in the Group's accounting and financial reporting function;

i. constantly reviewed internal audit reports submitted by the Internal Audit Department and directed the department in its approaches to audit planning and reports and ensured that the internal audit function has adequately resourced and is effective; and

j. furnished its opinions to the management concerning related risks in respect of significant matters of the Group.

B. Remuneration Committee

The Remuneration Committee consists of the Chairman of the Board, the Managing Director and all the Independent Non-executive Directors. The Remuneration Committee is responsible for the review of the remuneration mechanism and incentive scheme of the Directors and senior management, and the establishment and maintenance of a reasonable and competitive remuneration level in order to attract and retain Directors and senior management.

On 14 March 2012, the Board adopted a set of revised terms of reference of the Remuneration, Committee which has included changes in line with the CG Code requirements effective from 1 April 2012. The Remuneration Committee was authorised to determine the remuneration packages of Executive Directors and senior management and make recommendations to the Board of the remuneration of Non-executive Directors.

The Remuneration Committee held two meetings in 2012. The attendance of the members of the Remuneration Committee is as follows:

Members of the Remuneration Committee	Attendance
Ms. Tam Wai Chu, Maria — Chairman	2/2
Mr. Sun Xiaomin	1/2
Mr. He Jianbo	2/2
Mr. Lam Chun, Daniel	2/2
Mr. Selwyn Mar	2/2

During the year, the Remuneration Committee reviewed and discussed its revised terms of reference, the 2011 annual bonus proposal, 2012 annual salary adjustment proposal, the issue of granting share options, the remuneration of senior management staff and the fee of Independent Non-executive Directors.

BOARD COMMITTEES (Cont'd)

C. Nomination Committee

The Nomination Committee consists of the Chairman of the Board, the Managing Director and all the Independent Non-executive Directors. The Nomination Committee is responsible for formulating the policy for nomination of Directors and to lead the process of identifying and nominating candidates suitably qualified to become Board members. It reviews the Board structure, size and composition and makes recommendations to the Board on re-appointment of Directors and succession planning for the Chairman and the chief executive of the Company. It also reviews the independence of Independent Non-executive Directors.

The Nomination Committee held two meetings in 2012. The attendance of the members of the Nomination Committee is as follows:

Members of the Nomination Committee	Attendance
Mr. Sun Xiaomin — Chairman	2/2
Mr. He Jianbo	2/2
Mr. Lam Chun, Daniel	2/2
Mr. Selwyn Mar	2/2
Ms. Tam Wai Chu, Maria	2/2

During the year, the Nomination Committee reviewed and discussed the independence of Independent Non-executive Directors, the structure, size and composition of the Board, succession plan for Directors and the restructuring of the Board to comply with Rule 3.10A of the Listing Rules.

D. Corporate Governance Functions

The Board as a whole is responsible for determining the policy for corporate governance of the Company and performing the corporate governance duties including to develop and review the Company's policies and practices on corporate governance, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, to develop, review and monitor the Company's code of conduct and to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year under review, the Board reviewed and approved the revised "Code on Board Proceedings", the revised terms of reference of the Audit Committee and Remuneration Committee and adopted the "Policy on Disclosure of Inside Information".

AUDITOR'S REMUNERATION

For the year ended 31 December 2012, PwC, the independent auditor of the Group, received approximately HK$4.2 million (2011: HK$3.90 million) for audit services, and approximately HK$0.37 million (2011: HK$0.36 million) for non-audit services which include the review of the 2012 interim report.

COMPANY SECRETARY

Ms. Chung Wing Yee was appointed as Company Secretary of the Company in August 2006. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms. Chung has attained more than 15 hours of relevant professional training during the year ended 31 December 2012.

SHAREHOLDERS' RIGHTS

A. Convening of special general meeting on requisition and putting forward proposals at general meetings

Shareholders holding not less than one-tenth of the paid-up share capital of the Company which carries the right of voting at general meetings of the Company have the right to requisite the Directors to convene a special general meeting of the Company. The requisition must state the purposes of the meeting, and must be signed by the requisitionist and deposited at the registered office of the Company.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionist, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a special general meeting of the Company.

B. Enquiries from Shareholders

The Company's website provides email address, postal address, fax number and telephone number by which enquiries may be put to the Company.

COMMUNICATION WITH SHAREHOLDERS AND INVESTMENT COMMUNITY

The Company attaches great importance to communications with Shareholders and the investment community (which refers to the Company's potential investors and research analysts reporting and analyzing the Company's status and performance).

Corporate information will be communicated to Shareholders and the investment community by way of the Company's announcements, websites, meetings with shareholders and general investor relations activities.

A. Announcements and corporate website

The Company maintains its corporate website at www.minmetalsland.com where announcements, press releases and update information on business development of the Company are available. It serves as a key channel for Shareholders and the investment community to access ready and timely information about the Company. Shareholders would raise enquiries or provide feedbacks to the Company via the designated section on the corporate website.

The following corporate information, which has been released by the Company to the Stock Exchange, is also posted on the Company's website immediately thereafter:

a. announcements, notices and circulars;

b. annual reports and interim reports;

c. Bye-laws;

d. list of Directors;

e. terms of reference of all the committees of the Board; and

f. procedure for nomination of Directors by Shareholders.

COMMUNICATION WITH SHAREHOLDERS AND INVESTMENT COMMUNITY (Cont'd)

B. General meetings of Shareholders

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote on their behalf if they are unable to attend the meetings. They are welcome to raise questions and comments at general meetings where members of the Board and independent auditor of the Company are delighted to answer.

Shareholders are informed of the voting procedures of general meetings by the Chairman of the general meeting. The Company also provides Shareholders with sufficient and timely information concerning the date, location and agenda of general meetings and other information, regarding issues to be decided at general meetings.

The Company ensures votes cast are properly counted and recorded. Independent scrutineers are appointed to count the number of votes cast at general meetings. The Company announces and publishes, on the same day of the general meeting, the poll voting results on the websites of the Company and of the Stock Exchange.

C. Investor relations activities

We believe that regular and effective communication with the investment community is a key mean to enhance corporate governance standard. It has always been our mission to maintain regular meetings and continuous dialogues with the investment community through participation in investor conferences, analyst briefings, road shows and investors' and shareholders' visits.

During the year, we had attended more than 20 investor conferences and organised 3 road shows (both domestic and overseas) and 5 visits to our real estate development projects in the PRC.

CONSTITUTIONAL DOCUMENTS

There is no change in the Company's constitutional documents (i.e. the Bye-laws) during the year.

Directors' and Senior Management's Profile

DIRECTORS

Mr. Sun Xiaomin

Mr. Sun Xiaomin, aged 58, was appointed as a Non-executive Director and the Chairman of the Company in June 2009. He graduated from Peking University in 1986 with a Master's Degree in Law. Mr. Sun joined China Minmetals in 2008. He is currently the Vice President of China Minmetals and is responsible for its real estate development business. Mr. Sun has extensive experience in real estate development, corporate restructuring and management, corporate finance as well as legal affairs.

Mr. He Jianbo

Mr. He Jianbo, aged 43, was appointed as an Executive Director and Managing Director of the Company in December 2007. Mr. He was appointed to the position of Deputy Chairman of the Company in April 2013. He is responsible for the operation of and strategic planning for the Company. Mr. He is a Senior International Business Engineer in the PRC and a Vice President of the Liaoning Province Youth Federation. He graduated from the Peking University in 1992 with a Bachelor's Degree in Economics. He also obtained a Master's Degree in International Finance from Peking University and a Master's Degree in Business Administration from Saint Mary's University, Canada. Mr. He joined China Minmetals in 1992 and had served the positions of director of general administrative office, director of strategic planning division and a member of the strategic planning committee of China Minmetals. He is concurrently a Deputy General Manager of the Real Estate and Construction Business Centre of China Minmetals and a director of Minmetals HK. Mr. He has over 20 years of experience in corporate management, strategic planning and investment.

Mr. Yin Liang

Mr. Yin Liang, aged 44, was appointed as an Executive Director and a Deputy Managing Director of the Company in December 2006. Mr. Yin is now the Senior Deputy Managing Director of the Company. He graduated from the University of International Business and Economics of China in 1991 with a Bachelor of Law Degree and obtained a Master's Degree in Business Administration from Saint Mary's University of Canada and a Master's Degree in Law from the University of Hong Kong. Mr. Yin joined China Minmetals in 1991 and has been serving various departments of China Minmetals group for investment, corporate management, capital market, legal affairs and trading. Mr. Yin has extensive experience in real estate development, investment, capital market and corporate management.

Ms. He Xiaoli

Ms. He Xiaoli, aged 45, was appointed as an Executive Director of the Company in February 2002. Ms. He is now the Deputy Managing Director of the Company. She is also the General Manager of the Finance Department of the Company. Ms. He holds a Bachelor's Degree in Accounting from North China University of Technology and a Master's Degree in Business Administration from the University of South Australia. She is a qualified PRC Senior Accountant and a member of the Chinese Institute of Certified Public Accountants. Prior to joining the Company, Ms. He was the head of business division and the deputy minister of accounting information division of the finance department of the previous China National Nonferrous Metals Industry Corporation. Ms. He has extensive experience in financial management of enterprises.

Mr. Tian Jingqi

Mr. Tian Jingqi, aged 49, was appointed as a Non-executive Director of the Company in June 2010. Mr. Tian obtained a Bachelor's Degree from Beijing University of Iron and Steel Technology (now known as University of Science and Technology Beijing) in 1985 and a Master's Degree in Business Administration from China Europe International Business School in 1998. He is a Senior International Business Engineer in the PRC and a Chartered Builder. Mr. Tian joined China Minmetals in 1988 and is the General Manager of the Real Estate and Construction Business Centre of China Minmetals and a Director and the General Manager of Minmetals Real Estate. Mr. Tian has extensive experience in real estate development and international trading business.

Mr. Liu Zeping

Mr. Liu Zeping, aged 44, was appointed as a Non-executive Director of the Company in June 2010. Mr. Liu holds a Bachelor's Degree from Military Academy of Engineering and an Executive Master's Degree in Business Administration from Tsinghua University. He is a Qualified Senior Engineer in the PRC. Mr. Liu joined China Minmetals in 1992 and is a Deputy General Manager of the Real Estate and Construction Business Centre of China Minmetals and the President and General Manager of Ershisanye. Mr. Liu has extensive experience in real estate development and construction business.

Directors' and Senior Management's Profile

DIRECTORS (Cont'd)

Mr. Lam Chun, Daniel

Mr. Lam Chun, Daniel, aged 67, was appointed as an Independent Non-executive Director of the Company in May 1997. Mr. Lam is an Authorised Person under the Buildings Ordinance and a Registered Professional Surveyor. He is a fellow member of the Royal Institution of Chartered Surveyors and the Chartered Institute of Arbitrators, a fellow member and the Past President (1986–1987) of the Hong Kong Institute of Surveyors, and a fellow member and the past chairman (1997–2000) of the Hong Kong Institute of Arbitrators. Mr. Lam is a director of the Urban Renewal Authority and was a member of the Hong Kong Housing Authority, Chairman of its Building Committee and a member of its Administrative Appeals Board, a member of the Hong Kong Surveyors Registration Board and a consultant to the World Bank on the Urban Land Policies Study for the PRC. He is also a Council Member of the Hong Kong International Arbitration Centre. Mr. Lam was the director of the Property Division of the previous Kowloon-Canton Railway Corporation and had worked in various large well-established organisations. Mr. Lam has over 30 years of experience in the surveying profession.

Mr. Selwyn Mar

Mr. Selwyn Mar, aged 77, was appointed as an Independent Non-executive Director of the Company in November 2002. Mr. Mar graduated from the London School of Economics, University of London. He is a Chartered Accountant, a partner of Nexia Charles Mar Fan & Co., Certified Public Accountants and the Managing Director of Marfan & Associates Limited. Mr. Mar was the President of the Hong Kong Institute of Certified Public Accountants in 1991, a member of the Appeals Panel of Securities & Futures Commission and a member of the Board of Governors of Chinese International School. Mr. Mar has been actively involved in commercial and industrial undertakings in Hong Kong and the PRC in the past 35 years. Presently, he sits on the board of two other Hong Kong listed companies. Mr. Mar is an Honorary Fellow of the Lingnan University and appointed a member of the Court of Lingnan University by the Chief Executive of HKSAR.

Ms. Tam Wai Chu, Maria

Ms. Tam Wai Chu, Maria, aged 67, was appointed as an Independent Non-executive Director of the Company in April 1997. Ms. Tam holds a Bachelor's Degree in Law from the University of London and has been a practising barrister since 1972. Ms. Tam is currently involved in numerous community services, which include the Deputy of the National People's Congress of the PRC as well as a member of the Basic Law Committee of the HKSAR, the Bar Association, the Task Group on Constitutional Development of the Commission on Strategic Development and, the Operations Review Committee and the Witness Protection Review Board of the Independent Commission Against Corruption.

SENIOR MANAGEMENT

Mr. Yang Lu

Mr. Yang Lu, aged 55, joined the Company as the General Manager of the Real Estate Development Department in May 2007. Mr. Yang is now a Deputy General Manager of the Company and is responsible for the initial management of new projects and oversees the business development of real estate development projects of the Company in the PRC. Mr. Yang graduated from Chongqing (Jianzhu) Architectural & Engineering University (now known as Chongqing University) in 1982 with a Bachelor of Engineering Degree. He also holds a Grade One Project Manager Certificate issued by the PRC's Ministry of Construction and is a member of the Chartered Institute of Building, U.K.. He was previously employed to managerial positions in various companies of China Overseas Holdings Limited with exposure to a variety of domestic and overseas engineering projects. He was also the general manager of a PRC real estate development company of China Overseas Holdings Limited. Mr. Yang has extensive experience in the development, operation and management of construction contracting and real estate development business.

Mr. Xu Bingliang

Mr. Xu Bingliang, aged 47, joined the Company as the Deputy General Manager in December 2008. Mr. Xu is also a director and the general manager of Condo Shanghai, a wholly-owned subsidiary of the Company engaged in specialised construction business in the PRC. He graduated from Central University of Finance and Economics of the PRC in 1986 with a Bachelor's Degree in Economics and completed his graduate study in accounting in the same university in 2002. Mr. Xu is a qualified PRC Senior Accountant. Since Mr. Xu joined China Minmetals in 1989, he has been responsible for financial management of various subsidiaries of China Minmetals. Mr. Xu has more than 20 years of experience in corporate financial management and strategic investment.

Mr. Law Yiu Wing, Patrick

Mr. Law Yiu Wing, Patrick, aged 50, joined the Company as the Chief Operating Officer in September 2006. Mr. Law assists the Managing Director in business development, day-to-day operation and financial and general management of the Company. Mr. Law is also responsible for the management of the investment properties and the Property Management Department, and is the general manager of Condo HK, a wholly-owned subsidiary of the Company engaged in specialised construction business in Hong Kong. He also assists the planning, management and development of the Company's business in real estate development and investment. He holds a Bachelor of Building (Hons.) Degree from the University of New South Wales, Australia and a Master of Business Administration Degree from the Australian Graduate School of Management (AGSM). He is a member of the Australian Institute of Building, the Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Law has extensive experience in property development, strategic planning, financial and general management gained from listed companies.

Report of the Directors

The Board would like to submit the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in Note 17 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating and geographical segments is set out in Note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 63.

The Board recommends 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 Wednesday, 19 June 2013.

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

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in Note 25 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and of the Company during the year are set out in Note 26 to the consolidated financial statements.

PROPERTIES

Particulars of the major properties held for investment and properties under development of the Group are set out on pages 7 to 17.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2012, calculated in accordance with the Companies Act of Bermuda, amounted to HK$445,109,000 (2011: HK$254,407,000).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 6.

SHARE OPTION

On 29 May 2003, the Company adopted the Share Option Scheme to recognise and acknowledge the contributions that eligible persons had made or may from time to time make to the Group whether in the past or in the future.

The principal terms of the Share Option Scheme are set out as follows:

(1) Participants of the Share Option Scheme

Any directors or any employees of any companies of the Group and any advisers of, consultants of, contractors to any companies of the Group or any person who has any relationship (whether business or otherwise) with any companies of the Group or any person whom the Directors consider, in their sole discretion, has contributed or will contribute or can contribute to the Group.

(2) Total number of Shares available for issue under the Share Option Scheme

The total number of Shares available for issue under the Share Option Scheme is 275,823,470, representing approximately 8.26% of the issued share capital of the Company as at the date of this report.

(3) Maximum entitlement of each participant under the Share Option Scheme

No share options under the Share Option Scheme may be granted to any eligible person, which, if exercised in full, would result in the total number of Shares issued and to be issued upon the exercise of the share options already granted or to be granted to such eligible person under the Share Option Scheme (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital as at the date of such new grant. Any grant of further share options above this limit shall be subject to the requirements under the Listing Rules.

(4) The period within which the Shares must be taken up under a share option

The Directors may in their absolute discretion determine the period during which a share option may be exercised and notify each grantee, save that such period shall not be later than 10 years from the date on which the Directors make an offer of the share option subject to the provisions for early termination thereof.

(5) Time of acceptance and the amount payable on acceptance of the share option

The offer of a share option made in accordance with the Share Option Scheme may be accepted within 28 business days from the date of the offer and the amount payable on acceptance of the share option is HK$10.

(6) The basis of determining the subscription price

The subscription price shall be determined by the Board at the time of grant of the relevant share option and shall not be less than the highest of (i) the closing price per Share as stated in the daily quotations sheet of the Stock Exchange on the date of the grant of the relevant share option; (ii) the amount equivalent to the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the relevant share option; or (iii) the nominal value of a Share.

(7) The remaining life of the Share Option Scheme

The Share Option Scheme is valid until 28 May 2013.

SHARE OPTION (Cont'd)

(7) The remaining life of the Share Option Scheme (Cont'd)

Details of the movements of share options during the year ended 31 December 2012 are as follows:

Category of participant	Date of grant	Exercisable period	Exercise price HK$	Number of share options: As at 1 January 2012	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2012
(i) Directors								
Mr. Sun Xiaomin	30.11.2012	30.11.2014 to 29.11.2022 (Note 2)	1.20	—	1,970,000	—	—	1,970,000
Mr. He Jianbo	1.12.2008	1.12.2010 to 30.11.2018 (Note 1)	0.45	1,428,000	—	—	—	1,428,000
	30.11.2012	30.11.2014 to 29.11.2022 (Note 2)	1.20	—	2,900,000	—	—	2,900,000
Mr. Yin Liang	1.12.2008	1.12.2010 to 30.11.2018 (Note 1)	0.45	952,000	—	—	—	952,000
	30.11.2012	30.11.2014 to 29.11.2022 (Note 2)	1.20	—	2,200,000	—	—	2,200,000
Ms. He Xiaoli	1.12.2008	1.12.2010 to 30.11.2018 (Note 1)	0.45	793,333	—	—	—	793,333
	30.11.2012	30.11.2014 to 29.11.2022 (Note 2)	1.20	—	2,100,000	—	—	2,100,000
Mr. Tian Jingqi	30.11.2012	30.11.2014 to 29.11.2022 (Note 2)	1.20	—	1,700,000	—	—	1,700,000
Mr. Liu Zeping	30.11.2012	30.11.2014 to 29.11.2022 (Note 2)	1.20	—	1,470,000	—	—	1,470,000
(ii) Employees and others	1.12.2008	1.12.2010 to 30.11.2018 (Note 1)	0.45	8,228,001	—	34,000	—	8,194,001
	30.11.2012	30.11.2014 to 29.11.2022 (Note 2)	1.20	—	45,600,000	—	—	45,600,000
				11,401,334	57,940,000	34,000	—	69,307,334

Notes:

1. These share options are exercisable in three tranches: the maximum percentage of share 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.

2. These share options are exercisable in three tranches: the maximum percentage of share 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 from 30 November 2016 to 29 November 2022 are 30%, 30% and 40% respectively.

Save as disclosed above, no share options were granted, lapsed or were cancelled in accordance with the terms of the Share Option Scheme during the year.

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 AGM 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.

DIRECTORS

The Directors during the year and up to the date of this report are:

Non-executive Directors

Mr. Sun Xiaomin
Mr. Tian Jingqi
Mr. Liu Zeping
Mr. Pan Zhongyi (resigned on 27 December 2012)

Executive Directors

Mr. He Jianbo
Mr. Yin Liang
Ms. He Xiaoli
Mr. Qian Wenchao (resigned on 27 December 2012)
Mr. Yang Lu (resigned on 27 December 2012)

Independent Non-executive Directors

Mr. Lam Chun, Daniel
Mr. Selwyn Mar
Ms. Tam Wai Chu, Maria

Mr. Yin Liang will retire from the office of Director at the AGM in accordance with bye-law 111(A) of the Bye-Laws and, being eligible, offers himself for re-election.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the AGM has an unexpired service contract which is not determinable by the Company and any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

The interests of Directors in competing businesses that were required to be disclosed pursuant to Rule 8.10 of the Listing Rules as informed by the relevant Directors were as follows:

Mr. He Jianbo, the Deputy Chairman and Managing Director, is also a director of Yingkou Industrial Park, Minmetals Real Estate and Ershisanye.

Mr. Tian Jingqi, a Non-executive Director, is also a director and the general manager of Minmetals Real Estate, and a director of Yingkou Industrial Park and Ershisanye.

Mr. Liu Zeping, a Non-executive Director, is also a director and the president of Ershisanye, and a director of Yingkou Industrial Park and Minmetals Real Estate.

DIRECTOR'S INTERESTS IN COMPETING BUSINESS (Cont'd)

Yingkou Industrial Park is an enterprise established under the laws of the PRC which is engaged in the development of Minmetals (Yingkou) Industrial Park. Minmetals Real Estate is an enterprise established under the laws of the PRC which is engaged in real estate development and operation, construction, property management, real estate agency, real estate advertising and exhibition and other real estate related business. Ershisanye is an enterprise established under the laws of the PRC which is engaged in construction engineering, mining development and operations, real estate and related industries business.

In case the Board decides that there are any issues of conflict between the Group and the aforementioned companies, conflicting Directors will abstain from voting on the relevant resolutions.

Save as disclosed above, at the date of this report, none of the Directors or their respective associates had any competing interests in a business which competes or is likely to compete with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors for the year ended 31 December 2012 are as follows:

1. Ms. Tam Wai Chu, Maria, an Independent Non-executive Director, resigned as an independent non-executive director of Titan Petrochemicals Group Limited (a company listed on the main board of the Stock Exchange) with effect from 29 June 2012.

2. Changes in Director's emoluments during the year are set out in Note 8 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2012, the interests and short positions of the Directors and the chief executive of the Company in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, or as recorded in the register kept by the Company pursuant to section 352 of the SFO, were as follows:

Long Position in Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of total issued Shares
Mr. He Jianbo	Personal	612,000	0.018%
Mr. Yin Liang	Personal	408,000	0.012%
Ms. He Xiaoli	Personal	370,000	0.011%

Note: Details of the interests of Directors in share options of the Company are disclosed in the section headed "Share Option" above.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)

Long Position in Shares (Cont'd)

Save as disclosed above, as at 31 December 2012, none of the Directors or the chief executive of the Company or any of their associates (as defined in the Listing Rules) had any personal, family, corporate or other interests or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO).

Save as disclosed above, none of the Directors or the chief executive of the Company nor their spouses or children under 18 years of age, was granted or had exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of the SFO) during the year ended 31 December 2012.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Save as disclosed in the sections headed "Share Option" and "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, the Company had no other outstanding options, convertible securities, warrants or other similar rights as at 31 December 2012.

Save as disclosed above, there was no repurchase or exercise of options and convertible securities during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2012, according to the register of interests kept by the Company under section 336 of the SFO, the following entities had interests in the Shares and underlying Shares which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long Position in Shares

Name of Shareholder	Interest in Shares	Approximate percentage of total issued Shares
China Minmetals	2,071,095,506 (Note 1)	62.05%
Minmetals HK	2,071,095,506 (Note 1)	62.05%
June Glory	2,071,095,506 (Note 1)	62.05%
Mr. Osbert Lyman	170,139,862 (Note 2)	5.10%
Strategic Power International Limited	170,139,862 (Note 2)	5.10%

Notes:

1. The interests disclosed herein are held by June Glory, a wholly-owned subsidiary of Minmetals HK, and Minmetals HK is wholly owned by China Minmetals.

2. Strategic Power International Limited is owned as to 70% by Mr. Osbert Lyman. In view that Strategic Power International Limited had direct and indirect interests in 19,290,000 Shares and 150,849,862 Shares respectively, each of Strategic Power International Limited and Mr. Osbert Lyman was deemed as interested in an aggregate of 170,139,862 Shares.

CONTRACTS OF SIGNIFICANCE

The following contracts of significance were entered into or subsisted between the Company or its subsidiaries and the Company's controlling shareholder or its subsidiaries during the year ended 31 December 2012:

1. Minmetals Real Estate (a wholly-owned subsidiary of China Minmetals) has renewed a Renminbi loan to Minmetals Land Beijing (a wholly-owned subsidiary of the Company) on 16 May 2012, details of which are set out below:

Amount of the loan	:	RMB20,000,000
Term	:	6 months
Interest rate	:	10% above the benchmark interest rate for 6-month short term loan quoted by the People's Bank of China
Purpose of the loan	:	to finance the general working capital requirement of the Group

The aforesaid loan was repaid by Minmetals Land Beijing on 15 October 2012.

2. Minmetals Real Estate has renewed a Renminbi loan to Minmetals Land Beijing on 16 June 2012, details of which are set out below:

Amount of the loan	:	RMB280,000,000
Term	:	6 months
Interest rate	:	10% above the benchmark interest rate for 6-month short term loan quoted by the People's Bank of China
Purpose of the loan	:	to finance the general working capital requirement of the Group

The aforesaid loan was repaid by Minmetals Land Beijing on 15 October 2012 and 19 October 2012.

3. Minmetals Real Estate has renewed Renminbi loans to Minmetals Land Beijing on 29 June 2012 and 6 December 2012, details of which are set out below:

Amount of the loan	:	RMB1,753,000,000 and RMB1,640,000,000 respectively
Term	:	6 months and 1 year respectively
Interest rate	:	10% above the benchmark interest rate for 6-month short term loan quoted by the People's Bank of China and 10% above the benchmark interest rate for 1-year short term loan quoted by the People's Bank of China respectively
Purpose of the loan	:	to finance the general working capital requirement of the Group

The aforesaid loans of RMB113,000,000, RMB350,000,000 and RMB350,000,000 were repaid by Minmetals Land Beijing on 19 October 2012, 6 December 2012 and 19 December 2012 respectively.

Save as disclosed above, no contracts of significance were entered into or subsisted between the Company or its subsidiaries and the Company's controlling shareholder or its subsidiaries during the year ended 31 December 2012.

No contract of significance to which the Company, any of its holding companies, or any of their subsidiaries was a party, in which a Director had a material interest, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts for management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers during the year is as follows:

	Percentage of the Group's total			
	Sales		Purchases	
	2012	2011	**2012**	2011
The largest customer	**1.8%**	5.1%		
Five largest customers in aggregate	**4.8%**	11.4%		
The largest supplier			**36.4%**	15.7%
Five largest suppliers in aggregate			**44.0%**	24.4%

Ershisanye (a non wholly-owned subsidiary of China Minmetals) is the largest supplier of the Group during the year.

Save as disclosed above, at no time during the year, had the Directors, their associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interests in the above customers and suppliers.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-Laws or the laws of Bermuda.

CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions undertaken by the Group during the year ended 31 December 2012 are as follows:

1. A tenancy agreement dated 5 May 2010 was entered into between Minmetals Capital (a wholly-owned subsidiary of China Minmetals) as the tenant and Texion (a wholly-owned subsidiary of the Company) as the landlord (the "Tenancy Agreement I"), details of which are set out below:

Premises	:	16th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	two years commencing from 16 May 2010 to 15 May 2012 (both dates inclusive)
Rental	:	HK$110,067 per calendar month (exclusive of government rates and service, management and air-conditioning charges)
Other charges	:	HK$24,331 per calendar month (being the tenant's share of service, management and air-conditioning charges)

The aggregate sum of the rental paid by Minmetals Capital under Tenancy Agreement I for the year ended 31 December 2012 was HK$493,526.

CONTINUING CONNECTED TRANSACTIONS (Cont'd)

2. A tenancy agreement dated 5 May 2010 was entered into between Minmetals HK as the tenant and Texion as the landlord (the "Tenancy Agreement II"), details of which are set out below:

Premises	:	19th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	two years commencing from 1 June 2010 to 31 May 2012 (both dates inclusive)
Rental	:	HK$110,067 per calendar month (exclusive of government rates and service, management and air-conditioning charges)
Other charges	:	HK$24,331 per calendar month (being the tenant's share of service, management and air-conditioning charges)

The aggregate sum of the rental paid by Minmetals HK under Tenancy Agreement II for the year ended 31 December 2012 was HK$550,335.

3. A conditional construction contracting agreement dated 29 March 2011 was entered into between the Company and Ershisanye whereby the Company may from time to time invite Ershisanye or its subsidiaries to tender and award construction contracts, subject to successful tender, in respect of the existing and future real estate development projects of the Group in the PRC.

The aggregate sum awarded by the Group to Ershisanye and any of its subsidiaries for the year ended 31 December 2012 was RMB36,973,924.

4. A property management service agreement dated 31 August 2011 was entered into between Industrial Park Property Co (a wholly-owned subsidiary of China Minmetals) and Yingkou Grace Home (a wholly-owned subsidiary of the Company) whereby Yingkou Grace Home provides property management services to the sales office of Platinva Coastal, a real estate development project undertaken by Industrial Park Property Co in Yingkou, the PRC for the period from 1 September 2011 to 31 August 2012.

The aggregate sum paid by Industrial Park Property Co to Yingkou Grace Home for the year ended 31 December 2012 was RMB566,531.

5. A tenancy agreement dated 30 December 2011 was entered into between Minmetals Cheerglory (formerly known as Cheerglory Traders Limited, a wholly-owned subsidiary of China Minmetals) as the tenant and Texion as the landlord (the "Tenancy Agreement III"), details of which are set out below:

Premises	:	11th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	29 months commencing from 1 January 2012 to 31 May 2014 (both dates inclusive)
Rental	:	HK$133,239 per calendar month (exclusive of government rates and service, management and air-conditioning charges)
Other charges	:	HK$25,489.20 per calendar month (being the tenant's share of service, management and air-conditioning charges)

The aggregate sum of the rental paid by Minmetals Cheerglory under Tenancy Agreement III for the year ended 31 December 2012 was HK$1,332,390.

CONTINUING CONNECTED TRANSACTIONS (Cont'd)

6. A tenancy agreement dated 30 December 2011 was entered into between Minmetals Capital as the tenant and Texion as the landlord (the "Tenancy Agreement IV"), details of which are set out below:

Premises	:	16th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	approximately two years commencing from 16 May 2012 to 31 May 2014 (both dates inclusive)
Rental	:	HK$133,239 per calendar month (exclusive of government rates and service, management and air-conditioning charges)
Other charges	:	HK$25,489.20 per calendar month (being the tenant's share of service, management and air-conditioning charges)

The aggregate sum of the rental paid by Minmetals Capital under Tenancy Agreement IV for the year ended 31 December 2012 was HK$734,964.

7. A tenancy agreement dated 30 December 2011 was entered into between Minmetals HK as the tenant and Texion as the landlord (the "Tenancy Agreement V"), details of which are set out below:

Premises	:	19th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	two years commencing from 1 June 2012 to ending 31 May 2014 (both dates inclusive)
Rental	:	HK$133,239 per calendar month (exclusive of government rates and service, management and air-conditioning charges)
Other charges	:	HK$25,489.20 per calendar month (being the tenant's share of service, management and air-conditioning charges)

The aggregate sum of the rental paid by Minmetals HK under Tenancy Agreement V for the year ended 31 December 2012 was HK$666,195.

CONTINUING CONNECTED TRANSACTIONS (Cont'd)

8. A material supply agreement dated 2 April 2012 was entered into between the Company and Newglory (a wholly-owned subsidiary of China Minmetals) whereby the Company may from time to time invite Newglory to tender for material supply contract(s) and, subject to successful tender, appoint Newglory as a supplier for construction materials regarding the Group's existing and future real estate development projects and specialised construction projects.

   The aggregate sum awarded by the Company to Newglory for the year ended 31 December 2012 was RMB83,190,000.

9. A property management service agreement dated 16 January 2012 was entered into between Yingkou Industrial Park (a wholly-owned subsidiary of China Minmetals) and Yingkou Grace Home whereby Yingkou Grace Home provides property management services to Phase I of Minmetals (Yingkou) Industrial Park Binhai Industrial Zone, an industrial development project undertaken by Yingkou Industrial Park in Yingkou, the PRC for the period from 1 January 2012 to 31 December 2013.

   The aggregate sum paid by Yingkou Industrial Park to Yingkou Grace Home for the year ended 31 December 2012 was RMB761,160.

10. A property management service contract dated 20 August 2012 was entered into between Jiahe Risheng (a wholly-owned subsidiary of the Company) and Jiasheng Properties (a wholly-owned subsidiary of China Minmetals) whereby Jiasheng Properties provides property management services to the sales office, show flats and unsold residential units of LOHAS International Community for the period from 20 August 2012 to 31 December 2014.

    The aggregate sum paid by Jiahe Risheng to Jiasheng Properties for the year ended 31 December 2012 was RMB3,274,431.

11. A property management service contract dated 20 August 2012 was entered into between Zhongrun Chengzhen (a wholly-owned subsidiary of the Company) and Jiasheng Properties whereby Jiasheng Properties provides property management services to the sales office, show flats and unsold residential units of Scotland Town for the period from 20 August 2012 to 31 December 2014.

    The aggregate sum paid by Zhongrun Chengzhen to Jiasheng Properties for the year ended 31 December 2012 was RMB5,631,147.

12. A framework agreement dated 7 September 2012 was entered into between Boluo Bihau (a 80%-owned subsidiary of the Company) and Shenzhen Pan-China (a company holding 20% equity interests in Boluo Bihau) whereby Boluo Bihau may from time to time invite Shenzhen Pan-China to tender and award construction contracts, subject to successful tender, in respect of the Hallstatt See project in Huizhou, the PRC.

    The aggregate sum awarded by Boluo Bihau to Shenzhen Pan-China for the year ended 31 December 2012 was RMB9,096,359.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rule 14A.37 of the Listing Rules, the above continuing connected transactions ("Continuing Connected Transactions") have been reviewed by the Independent Non-executive Directors of the Company who have confirmed that the Continuing Connected Transactions were carried out:

(a) in the ordinary and usual course of the business of the Company;

(b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Company than terms available to or from (as appropriate) independent third parties; and

(c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's independent auditor, PricewaterhouseCoopers, was engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the Continuing Connected Transactions disclosed by the Group on pages 55 to 58 of this annual report in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

CONTINUING DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

OFL (a wholly-owned subsidiary of the Company) as borrower, the Company and MLI (a wholly-owned subsidiary of the Company) as guarantors and certain banks as lenders (the "Lenders") entered into a term loan facility agreement (the "Facility Agreement") for a 4-year term loan facility (the "Loan Facility") in the principal amount of HK$5,000,000,000 on 24 May 2011.

Pursuant to the Facility Agreement, China Minmetals, the controlling shareholder of the Company, shall be the legal and beneficial owner of not less than 31% of the issued share capital of the Company as well as the single largest shareholder of the Company and has control over the management of the Company. A breach of any of the aforesaid conditions would constitute an event of default and the Lenders may (i) cancel all commitments under the Facility Agreement; or (ii) demand that all or part of the loans together with accrued interest under the Loan Facility be immediately due and payable; or (iii) demand that all or part of the loans be payable on demand.

Save as disclosed above, the Company does not have other disclosure obligations under Rules 13.18 and 13.21 of the Listing Rules.

EVENTS AFTER THE BALANCE SHEET DATE

Details of the events after the balance sheet date are set out in Note 35 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the notices submitted to the Company pursuant to the SFO, the Directors are of the view that sufficient public float exists for the issued Shares as at the date of this report.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the independent auditor the audited consolidated financial statements for the year ended 31 December 2012 and has also discussed auditing, internal control and financial reporting matters including the review of the accounting practices and principles adopted by the Group.

INDEPENDENT AUDITOR

The consolidated financial statements as contained in this annual report have been audited by PricewaterhouseCoopers.

By order of the Board
He Jianbo
Deputy Chairman & Managing Director

Hong Kong, 27 March 2013

Independent Auditor's Report

pwc

羅兵咸永道

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 63 to 129, 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.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report

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 HK$'000	2011 HK$'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

As at 31 December 2012

	Note	As at 31 December 2012 HK$'000	2011 HK$'000 (Restated)	As at 1 January 2011 HK$'000 (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

As at 31 December 2012

	Note	As at 31 December 2012 HK$'000	2011 HK$'000 (Restated)	As at 1 January 2011 HK$'000 (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

He Jianbo
Director

He Xiaoli
Director

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

He Jianbo
Director

He Xiaoli
Director

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(i) Subsidiaries (Continued)

(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 acquiree 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(i) Subsidiaries (Continued)

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(ii) Associated companies (Continued)

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation (Continued)

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition (Continued)

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment (Continued)

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investment properties (Continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets (Continued)

(b) Recognition and measurement (Continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

(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	2011
	HK$'000	HK$'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:

(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 HK$'000	2011 HK$'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 and liabilities (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		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 HK$'000	2011 HK$'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 HK$'000	2011 HK$'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 **HK$'000**	2011 HK$'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 **HK$'000**	2011 HK$'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)

Impairment test for 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 **HK$'000**	2011 HK$'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 **HK$'000**	2011 HK$'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
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

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
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
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 HK$'000	2011 HK$'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 HK$'000	2011 HK$'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 HK$'000	2011 HK$'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

The Company

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

21 PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)

(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

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.

21 PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)

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 HK$'000	2011 HK$'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 HK$'000	2011 HK$'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 HK$'000	2011 HK$'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 HK$'000	2011 HK$'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 HK$'000	2011 HK$'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 HK$'000	2011 HK$'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.

(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

25 SHARE CAPITAL (CONTINUED)

(a) Share options (Continued)

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 HK$'000	2011 HK$'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 HK$'000	2011 HK$'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 HK$'000	2011 HK$'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 HK$'000	2011 HK$'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

29 TRADE AND OTHER PAYABLES (CONTINUED)

(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 HK$'000	2011 HK$'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).

(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 HK$'000	2011 HK$'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:

(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

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(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

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.

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(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.

Glossary of Terms

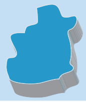
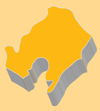
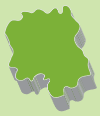
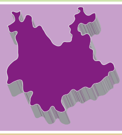
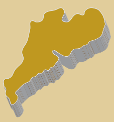
In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings:

"AGM"	annual general meeting of the Company for 2013
"Board"	the board of directors of the Company
"Boluo Bihau"	Boluo County Bihua Property Development Co., Ltd.
"Bye-laws"	the Bye-laws of the Company
"CG Code"	the Corporate Governance Code
"China Minmetals"	China Minmetals Corporation
"Company" or "Minmetals Land"	Minmetals Land Limited
"Condo HK"	Minmetals Condo (Hong Kong) Engineering Company Limited
"Condo Shanghai"	Minmetals Condo (Shanghai) Construction Co., Ltd.
"Director(s)"	director(s) of the Company
"Ershisanye"	Ershisanye Construction Group Co., Ltd.
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars
"Hong Kong" or "HKSAR"	The Hong Kong Special Administrative Region of the PRC
"Huizhou Grace Home"	Huizhou Minmetals Grace Home Property Management Co., Ltd.
"Industrial Park Property Co"	Minmetals (Yingkou) Industrial Park Real Estate Development Co., Ltd.
"Jiahe Properties"	Hunan Jiasheng Properties Service Co., Ltd.
"Jiahe Risheng"	Minmetals Land (Hunan) Jiahe Risheng Real Estate Development Co., Ltd.
"June Glory"	June Glory International Limited
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Minmetals Capital"	Minmetals Capital (Hong Kong) Limited
"Minmetals Cheerglory"	Minmetals Cheerglory Limited
"Minmetals HK"	China Minmetals H.K. (Holdings) Limited
"Minmetals Land Beijing"	Minmetals Land Investment Management (Beijing) Co., Ltd.
"Minmetals Real Estate"	Minmetals Real Estate Co., Ltd.
"MLI"	Minmetals Land Investments Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers

"Nanjing Grace Home"	Nanjing Minmetals Grace Home Property Management Co., Ltd.
"NAV"	net asset value
"Newglory"	Newglory International Limited
"OFL"	ONFEM Finance Limited
"PRC" or "China"	the People's Republic of China
"PwC"	PricewaterhouseCoopers
"RMB"	Renminbi
"SFO"	Securities and Futures Ordinance
"Shareholder(s)"	the shareholder(s) of the Company
"Share(s)"	the ordinary share(s) of par value of HK$0.1 each of the Company
"Share Option Scheme"	the share option scheme of the Company adopted on 29 May 2003
"Shenzhen Pan-China"	Shenzhen Pan-China Engineering Co., Ltd.
"sq.m."	square metres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Texion"	Texion Development Limited
"US$"	United States dollars
"Yingkou Industrial Park"	Minmetals (Yingkou) Industrial Park Real Estate Development Co., Ltd.
"Yingkou Grace Home"	Yingkou Minmetals Grace Home Property Management Co., Ltd.
"Zhongrun Chengzhen"	Hunan Zhongrun Chengzhen Real Estate Co., Ltd.
"%"	per cent

About China Minmetals Corporation

Projects under development of China Minmetals

	Province/City	Attributable land area (sq.m.)	Total gross floor area (sq.m.)	Usage
	Beijing	290,000	248,000	Residential
	Yingkou City, Liaoning Province	30,000,000	N/A	Industrial and commercial
		101,800	126,000	Residential
	Shenyang City, Liaoning Province	64,000	362,000	Residential
	Tianjin	2,070,000	3,140,000	Residential
	Changsha City, Xiangtan City and Zhuzhou City, Hunan Province	825,000	2,550,000	Residential
	Kunming City, Yunnan Province	171,000	202,000	Residential
	Shantou City, Guangdong Province	1,210,000	1,050,000	Complex

Founded in 1950, China Minmetals is one of the largest state-owned conglomerates that operates globally with core businesses in exploration, mining, smelting, processing and trading for metals and minerals, and is also engaged in finance, real estate, and mining and metallurgic technology. The annual revenue of China Minmetals for 2012 is approximately RMB325.0 billion and was selected by the US Fortune Magazine in 2012 as one of the world top 500 enterprises, ranking 169.

China Minmetals has also actively participated in commercial estate development, construction and installation business in recent years since it established the residential development and industrial estates. Thus it has accumulated considerable resources for its real estate division. Excluding real estate development projects under Minmetals Land, China Minmetals has a total gross floor area of approximately 7.5 million square metres of residential and industrial estates in the Pan Bohai Rim region and the eastern part and central part of China. Furthermore, it has an industrial site of 30 square kilometres in Yingkou City, Liaoning Province.

China Minmetals through its Hong Kong subsidiary, Minmetals HK, holds approximately 62.05% equity interest in Minmetals Land. Having approved by the State-owned Assets Supervision and Administration Commission of the State Council to include property development and operation as one of its core businesses, China Minmetals announced its intention to transform Minmetals Land into its sole listed real estate flagship. Through gradual asset injection and consolidation of its real estate resources, China Minmetals aims at achieving the listing of all of its real estate businesses and turning Minmetals Land eventually into a leading and influential real estate development corporation, which creates better returns to its Shareholders, employees and the society.

五礦建設有限公司*
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