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

2011 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 and Pan Bohai Rim regions; while the specialised construction business that based in Shanghai and Hong Kong has coverage in fifteen provinces and cities in the country.

Contents

Corporate Information

NON-EXECUTIVE DIRECTORS
Mr. Sun Xiaomin — Chairman
Mr. Pan Zhongyi
Mr. Tian Jingqi
Mr. Liu Zeping

EXECUTIVE DIRECTORS
Mr. Qian Wenchao — Deputy Chairman
Mr. He Jianbo — Managing Director
Mr. Yin Liang — Senior Deputy Managing Director
Ms. He Xiaoli — Deputy Managing Director
Mr. Yang Lu — Deputy Managing Director

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

FINANCIAL CONTROLLER
Mr. Leung Kin Hong

COMPANY SECRETARY
Ms. Chung Wing Yee

AUDITOR
PricewaterhouseCoopers
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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.

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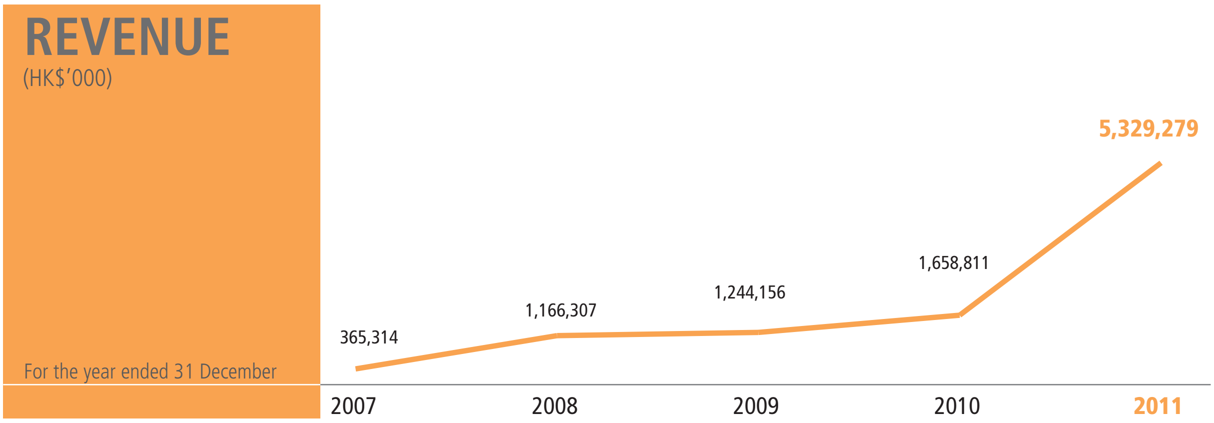
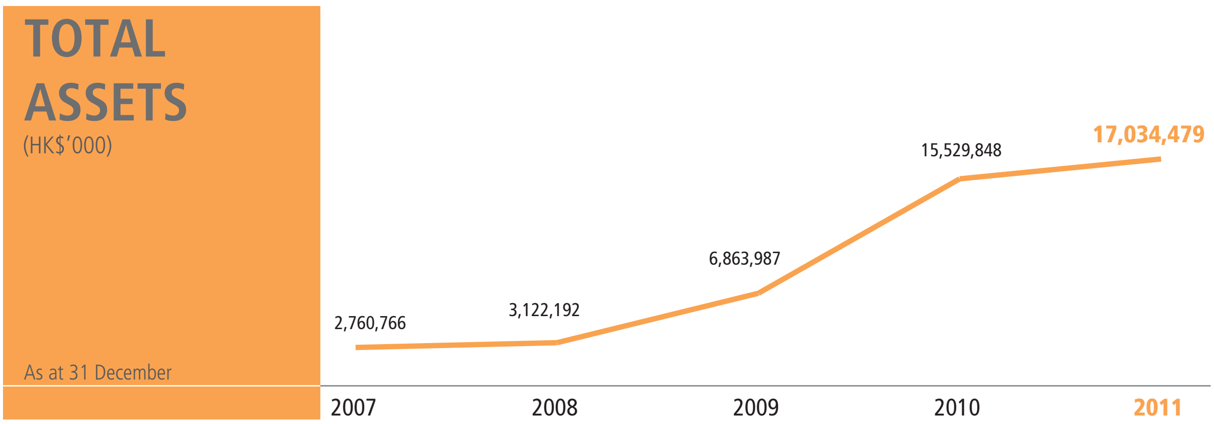
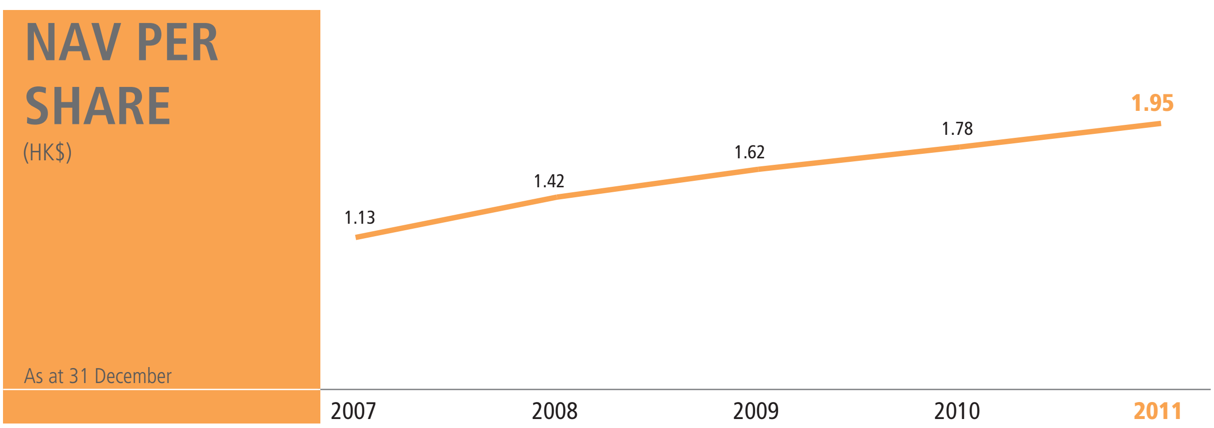
Financial Highlights







Nanjing

Laguna Bay

Project	:	**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 316,000 square metres
Group's interest	:	71%
Expected construction completion date	:	4Q 2012

GFA **316,000** sq.m.

Riveria Royale

Project	:	**Riveria Royale**
Location	:	No. 188 Mengdu Avenue, Jianye District, Nanjing, Jiangsu Province, the PRC
Usage	:	Residential
Site area	:	Approximately 73,000 square metres
Gross floor area	:	Approximately 219,000 square metres
Group's interest	:	50.89%
Expected construction completion date	:	2Q 2012

GFA **219,000** sq.m.

Nanjing

GFA **266,000** sq.m.

Fongshan Project

Project	:	**Fongshan Project**
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 266,000 square metres
Group's interest	:	100%
Expected construction completion date	:	2014

Huizhou

GFA **673,000** sq.m.

Hallstatt See

Project	:	**Hallstatt See**
Location	:	Mai Tian Ling, Boluo County, Huizhou City, Guangdong Province, the PRC
Usage	:	Residential
Site area	:	Approximately 578,000 square metres
Gross floor area	:	Approximately 673,000 square metres
Group's interest	:	65%
Expected construction completion date	:	2016

Changsha

LOHAS International Community

Project	:	**LOHAS International Community**
Location	:	At Gaoyun Road, Muyun Town, Changsha County, Hunan Province, the PRC
Usage	:	Residential
Site area	:	Approximately 624,000 square metres
Gross floor area	:	Approximately 1,060,000 square metres
Group's interest	:	100%
Expected construction completion date	:	4Q 2013

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

Scotland Town

Project	:	**Scotland Town**
Location	:	At Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province, the PRC
Usage	:	Residential
Site area	:	Approximately 312,000 square metres
Gross floor area	:	Approximately 440,000 square metres
Group's interest	:	100%
Expected construction completion date	:	4Q 2014

GFA **440,000** sq.m.

Beijing

GFA **404,000** sq.m.

Fortune Garden

Project	:	**Fortune Garden**
Location	:	Xibeiwang Town, Haidian District, Beijing, the PRC
Usage	:	Residential
Site area	:	Approximately 139,000 square metres
Gross floor area	:	Approximately 404,000 square metres
Group's interest	:	51%
Expected construction completion date	:	2015

Yingkou

GFA **591,000** sq.m.

Platinum Bay

Project	:	**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 591,000 square metres
Group's interest	:	100%
Expected construction completion date	:	2015

Hebei

Beijing Celebration City

Project	:	**Beijing Celebration City**
Location	:	Jingxintun Town, Xianghe County, Langfang City, Hebei Province, the PRC
Usage	:	Residential
Site area	:	Approximately 265,000 square metres
Gross floor area	:	Under planning
Group's interest	:	50%

Tianjin

Minmetals International

Project	:	**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 184,000 square metres
Group's interest	:	100%
Construction completion date	:	2011

GFA **184,000** sq.m.

Hong Kong

China Minmetals Tower

Building	:	**China Minmetals Tower**
Location	:	No.79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Usage	:	Commercial
Lease term	:	Long term

ONFEM Tower

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

2011 Event Highlights

January

Acquisition of 179,000 sq.m. low-density residential land in Nanjing

Condo Hong Kong obtained ISO 9001 and ISO 14001 certification

Grand opening of Audi flagship store at China Minmetals Tower

March

Ground breaking ceremony of Platinum Bay in Yingkou

April

Ground breaking ceremony of Hallstatt See in Huizhou

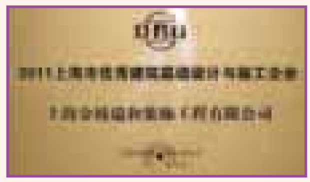
May

Minmetals Land entered into HK$5 billion term loan agreement

September

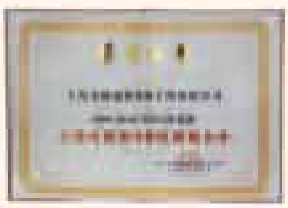
Minmetals Land and Beida Jade Bird Group of Peking University entered into strategic alliance agreement

Condo Shanghai was awarded the "2011 Shanghai Outstanding Curtain Wall Design and Construction Company" award



October

Condo Shanghai was awarded the "2011 Shanghai Trustworthy Curtain Wall Company" award



December

Minmetals Land was awarded the "China Renowned Real Estate Developer" award by China International Real Estate & Architectural Technology Fair

LOHAS International Community in Changsha was awarded the consolidated award of "The Eighth Chinese Habitat Model Planning and Design Competition"

November

Sales office opening ceremony of Fortune Garden in Beijing

Completion ceremony of Minmetals International in Tianjin

Chairman's Statement

Looking forward, we have set our vision to build upon our previous achievements to seek growth in the China's real estate market under the firm support from China Minmetals.

Sun Xiaomin
Chairman

As the sole listed real estate flagship of China Minmetals in Hong Kong, our Group continued to make concerted efforts in making further improvements and material progress on many aspects in 2011. Despite the real estate sector in China underwent a period of adversities during the year, our Group had faced the challenges with determination and perseverance. Our core real estate business had made steady inroads in China through our distinctive competitive advantages including reputable brand, professional team and management and operational excellence. In spite of such difficulties, it is my great pleasure to report that our financial performance in the year of 2011 had reached record levels and all operational benchmarks had been fulfilled. Benefited from the recognition of significant development profits from projects presold and delivered in 2011, total revenue of the Group increased from HK$1,658.8 million in 2010 to HK$5,329.3 million in 2011, representing a year-on-year growth of 221.3%. Profit for the year was HK$771.8 million, an increase of 26.8% when compared with HK$608.8 million in 2010.

During the year, our Group had placed greater importance on sales and marketing, and sought ways to further enhance operational efficiency. We had further built our internal competence in property management in various localities which helped to achieve higher degree of integration and reinforced the brand building effort. Further, the sourcing of adequate financial resources in support of our various business developments is crucial, especially at a time when the banking sector in China had faced considerable policy restraints in providing credit to the real estate industry and home purchasers. Our Group has therefore focused on exploring new financial channels and banking relationships to complement our internal resources, ensuring our financial requirements are sufficiently met. In addition, we continue to strive for various ways to achieve better cost efficiencies from all walks of our operations, as well as the progress on our internal systems, control mechanisms and hierarchy.

The macro-economic and industry conditions in China in 2012 demand our full and undivided attentions. The coincidence of the Eurozone sovereign debt concerns, a wavering recovery in the main economies and the slowdown of China's economic growth will present a less optimistic overture for our Group's operating environment. For the

real estate market in China, the overall regulatory and control measures are unlikely to waver, albeit some minor refinements in policies and priorities might materialise. With both transaction volumes and average selling prices are expected to come under pressure continuously, the real estate development industry would be aimed towards consolidation.

The Group will remain resilient in the process of industry adjustment and focus on identifying new growth engines and development models. The determinant of success or the otherwise will hinge upon our abilities to adapt to new trends and requirements of our clients and customers in the future. In this regard, our Group will move in tandem with the regulatory and market developments and maintain adequately flexible in our sales and marketing programmes, ensuring our cash flow and liquidity remained in a healthy position.

With our strengths and core competences in management capabilities, internal systems and structures, project management skills and financial resources had witnessed noticeable and concrete progress. During the year of 2011, our Group had acquired a new site measuring 179,000 square metres, putting the land bank at approximately 3,700,000 square metres as of 31 December 2011. Looking forward, we have set our vision to build upon our previous achievements to seek growth in the China's real estate market under the firm support from China Minmetals.

I would like to take this opportunity to thank all our stakeholders for their continuous support and confidence in our Group. We are optimistic in delivering higher shareholders' value and return in the future. Finally, I am grateful to all our 870 staff members whose fulfilling commitment, dedicated hard works are essential to our continuing success.

Management Discussion and Analysis

Our aim is to deliver real estate units to the satisfaction of different types of purchasers in all localities in which we operate, whilst concurrently stringently monitoring the cost of developments, striving to deliver satisfactory returns to the Shareholders.

He Jianbo
Managing Director

INDUSTRY REVIEW

In 2011, the Group has remained focused on implementing the strategy to consolidate its position as the sole listed real estate flagship of China Minmetals in Hong Kong, and to engage in a growing and increasingly more diversified portfolio of real estate development projects in the PRC.

Despite the fact that the real estate market in China has encountered significant headwinds and challenges, the Group had successfully delivered outstanding and reassuring financial results with record revenue and profit figures registered during the financial year ended 31 December 2011. Recognition of significant development profits from projects presold in prior years and delivered in 2011 is the major driver of the record earnings, complimented also by satisfactory contribution from investment property income. Whilst this set of results is encouraging, a cautionary note is definitely required as the property market in China had shown apparent signs of waning in 2011, reflecting the government's policy efforts to stall the upward spiraling property prices in the PRC. A string of property market control policies had been promulgated since the beginning of 2011, resulting in significant market impacts. The government measures affecting potential home purchasers include: purchase restrictions, higher down payments and the introduction of a property tax in certain cities. For property developers, the control measures were manifested primarily in the form of restricted access to bank credits and/or higher borrowing costs, price limits in new sales and administrative procedures discouraging land bank accumulation. The announcement of new supply of affordable housing into the real estate market, by as much as 36 million new residential properties by 2015, has added a new dimension to China's property sector.

Such nascent property slowdown in China had the predictable impacts on property prices, transaction volumes and the less financially sound property developers, with ramifications and consolidation within the industry widely anticipated in the years ahead. Although there are signs emerging in early 2012 that certain policy initiatives will undergo mild adjustments, the determination of the PRC government to check property prices is well telegraphed and unlikely to reverse course.

In the midst of this increasingly challenging market environment, the Group had continued to drive improvements for our internal capabilities in overall operational and management efficiencies, to enable the Group to adjust and adapt comprehensively to industry and market trends, customers' preferences and, hence, enhance overall competitiveness and returns. Substantial efforts and resources had been devoted to enhancing our abilities in overall project management, from the initial design, budgeting and planning, to the construction management, to the sales and marketing and finally to after sales services such as property management. Our aim is to deliver real estate units to the satisfaction of different types of purchasers in all localities in which we operate, whilst concurrently stringently monitoring the cost of developments, striving to deliver satisfactory returns to the Shareholders. Crucially, we remain committed to the strategy of strengthening our corporate franchise and identity for the Minmetals Land's brand name in the PRC's property market.

INDUSTRY REVIEW (Cont'd)

The Group will continue to closely monitor the policy developments within the real estate markets in China and Hong Kong and requisite steps will be strictly implemented with a view to addressing and complying with prevailing government policies and requirements. Further, the Group views such period of industry consolidation with cautious optimism and, with the ample financial resources at our disposal, the opportunities for further site acquisition and expansion will of course be prudently evaluated and considered. Looking ahead, with the committed support of the controlling shareholder, the Group has full confidence in achieving further and continued business growth going forward.

OPERATIONAL REVIEW

The Group recorded total revenue of HK$5,329.3 million for the financial year ended 31 December 2011, representing an increase of 221.3% as compared with HK$1,658.8 million in 2010. Profit for the year increased 26.8% from HK$608.8 million in 2010 to HK$771.8 million. These two profitability indicators represent record figures in the history of the Group's operations, with the main impetus being the strong contribution from the operating segment of real estate development. Specialised construction division recorded an operating loss after netting off intra-group transactions.

TOTAL REVENUE BY OPERATING SEGMENTS

	Year ended 31 December				Year-on-year
	2011		2010		**change**
	HK$ million	**%**	HK$ million	%	**%**
Real estate development	**4,684.3**	**87.9**	1,182.2	71.3	**+296.2**
Specialised construction	**592.2**	**11.1**	427.6	25.8	**+38.5**
Property investment	**52.8**	**1.0**	49.0	2.9	**+7.8**
Total revenue	**5,329.3**	**100.0**	1,658.8	100.0	**+221.3**

TOTAL RESULTS BY OPERATING SEGMENTS

	Year ended 31 December				Year-on-year
	2011		2010		**change**
	HK$ million	**%**	HK$ million	%	**%**
Real estate development	**1,480.2**	**98.1**	773.6	87.6	**+91.3**
Specialised construction	**(76.6)**	**(5.1)**	26.4	2.9	**–390.2**
Property investment	**98.9**	**6.6**	77.4	8.8	**+27.8**
Securities investment	**5.8**	**0.4**	5.8	0.7	**—**
Total segment profit	**1,508.3**	**100.0**	883.2	100.0	**+70.8**

REAL ESTATE DEVELOPMENT

As at 31 December 2011, the Group's portfolio of real estate development comprises ten projects in seven cities in the PRC. It is noteworthy that the Group has maintained a controlling stake of more than 50% in each of the real estate development projects which are diversified in terms of type of development and geographical location. The table below summarizes the position of the Group's real estate development projects as at 31 December 2011.

Location/Project	Site area (square metres)	Estimated gross floor area (square metres)	Attributable interest to the Group
Nanjing, Jiangsu Province			
Laguna Bay	310,000	316,000	71.00%
Riveria Royale	73,000	219,000	50.89%
Fongshan Project	179,000	266,000	100.00%
Changsha, Hunan Province			
LOHAS International Community	624,000	1,060,000	100.00%
Scotland Town	312,000	440,000	100.00%
Tianjin			
Minmetals International	21,000	184,000	100.00%
Langfang, Hebei Province			
Beijing Celebration City	265,000	under planning	50.00%
Yingkou, Liaoning Province			
Platinum Bay	396,000	591,000	100.00%
Huizhou, Guangdong Province			
Hallstatt See	578,000	673,000	65.00%
Haidian District, Beijing			
Fortune Garden	139,000	404,000	51.00%

As at 31 December 2011, total deferred revenue of the Group is recorded at HK$1,316.5 million, as compared with HK$2,598.7 million in the prior year, indicative of the impact of policy tightening which resulted in slower pace of the pre-sale, control in home loan mortgage and lower transaction prices particularly in the last quarter of the year. Looking forward, management will continue to closely monitor all policy and regulatory changes, market situations; while remaining flexible in implementing appropriate adjustments in the Group's strategies with respect to project development and marketing campaigns.

REAL ESTATE DEVELOPMENT (Cont'd)

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

1. Laguna Bay

Laguna Bay is a residential project located in Nanjing, Jiangsu Province providing approximately 316,000 square metres of gross floor area. It is developed under three phases comprising villas and apartment units. In 2011, a total of 471 units measuring 44,125 square metres were completed and delivered to purchasers. Accordingly, sales proceeds of approximately HK$535.5 million were recognised in the year (2010: HK$716.7 million).

The pace of downward price adjustment and volume contraction was noticeable in the Nanjing property market particularly towards the second half of 2011. In addition, inflation induced cost escalation continued to present significant challenges to all property developers in the area including our Group. It should be pointed out that development of the project was commenced as early as in 2007 and presales started back in 2008. Today, it has reached a high level of maturity with many construction milestones completed. Moreover, the project has gained respectable market recognition in Nanjing and a substantial portion of the development had been presold. Therefore, the adverse market trend on Laguna Bay should be relatively limited and our Group will continue to closely monitor the market developments and review sales and pricing strategy for the marketing of next phase of the pre-sale programme.

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

	Total gross saleable floor area (square metres)			
	Total	**Contracted sales in 2011**	Contracted sales up to 2010	**Delivered in 2011**
Phase I	59,000	**205**	57,578	**110**
Phase II	44,000	**3,513**	32,678	**668**
Phase III	136,000	**30,083**	71,136	**43,347**
Total	239,000	**33,801**	161,392	**44,125**

2. Riveria Royale

Riveria Royale is the second residential project of the Group in Nanjing, which is located in Hexi, Jiangsu Province. This project has a site area of approximately 73,000 square meters. It comprises villas and apartment units that aims at the high-end market. In 2011, a total of 414 units measuring 69,052 square metres had been completed and delivered to purchasers. Accordingly, sales proceeds of approximately HK$1,475.1 million were recognised during the year. Again, this project has reached a significant level of maturity and success in its pre-sale programme. The Group will continue to closely monitor the market developments and review sales and pricing strategy for the marketing for the next phase of the presale programme.

	Total gross saleable floor area (square metres)			
	Total	**Contracted sales in 2011**	Contracted sales up to 2010	**Delivered in 2011**
Total	189,000	**45,952**	69,245	**69,052**

REAL ESTATE DEVELOPMENT (Cont'd)

3. **Fongshan Project**

   This is the third residential project of the Group in Nanjing. The site was acquired by the Group in an auction held in January 2011 at the reserve price of RMB1 billion (approximately HK$1.2 billion). The site area of this wholly-owned project is approximately 179,000 square metres. It is planned for development into a low-density and high-end residential community, which is anticipated to provide total gross floor area of approximately 266,000 square metres. Project design had been completed during the year and it is currently pending for regulatory approval.

4. **LOHAS International Community**

   This large-scale residential project is located in Changsha, Hunan Province and is wholly owned by the Group. With a site area of approximately 624,000 square metres, the development is being built in five phases with ample facilities including clubhouse, shops, car parking spaces, schools, kindergarten and landscaped garden. The planned total gross floor area is approximately 1,060,000 square metres. This project managed to achieve a better than expected sales in the first half of the year and the pre-sales of villas in the third quarter of the year was successful. Same as most major cities in China, Changsha is also subject to the housing price restrictions and the impacts were predominantly felt during the pre-sales of the apartment units in the final quarter of 2011. Overall pre-sales result for the year was satisfactory and exceeded the annual sales target. In 2011, a total of 108,282 square metres had been completed and delivered to purchasers. Accordingly, sales proceeds of approximately HK$804.0 million (2010: HK$463.9 million) were recognised during the year. Full completion of the project is scheduled in 2013 and its current status is set out in the table below.

	Total gross saleable floor area (square metres)			
	Total	**Contracted sales in 2011**	Contracted sales up to 2010	**Delivered in 2011**
Phase I (part I)	65,000	**1,723**	60,418	**3,056**
Phase I (part II)	55,000	**6,949**	44,347	**13,233**
Phase II	129,000	**102,342**	—	**91,993**
Phase III to Phase V	656,000	**2,667**	—	**—**
Total	905,000	**113,681**	104,765	**108,282**

5. **Scotland Town**

   This project is located right next 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 312,000 square metres and is developed over two phases comprised of villas and apartments units. The construction of phase I and first stage of phase II of the project was completed in 2010. In 2011, the pre-sale of the project elicited better than projected results both in average selling prices and transaction volume. The Group is optimistic about the long term outlook for two Changsha projects, which are strategically located in close proximity to major educational and social facilities, as well as to the underground railway and light rail networks of the city.

   In 2011, a total of 84,471 square metres had been completed and delivered to purchasers. Accordingly, sales proceeds of approximately HK$627.3 million were recognised in the year.

REAL ESTATE DEVELOPMENT (Cont'd)

5. Scotland Town (Cont'd)

	Total	Contracted sales in 2011	Contracted sales up to 2010	Delivered in 2011
	Total gross saleable floor area (square metres)			
Phase I	138,000	**28,945**	89,903	**64,885**
Phase II	302,000	**64,398**	—	**19,586**
Total	440,000	**93,343**	89,903	**84,471**

6. Minmetals International

Minmetals International has a site area of approximately 21,000 square metres and is a dual purpose, twin-tower development built in Tianjin City. The project will provide commercial office space and residential apartments with a total gross floor area of approximately 184,000 square metres including approximately 22,700 square metres of commercial retail area and car parks at the basement. Office space is currently not subject to housing purchase restrictions in China but the impacts of severe competition amongst similar developments in the area, liquidity and credit constraints of potential purchasers are vividly shown.

In 2011, a total of 66,335 square metres had been completed and delivered to purchasers. Accordingly, sales proceeds of approximately HK$1,237.6 million were recognised in the year.

	Total	Contracted sales in 2011	Contracted sales up to 2010	Delivered in 2011
	Total gross saleable floor area (square metres)			
Total	142,000	**50,581**	48,483	**66,335**

7. Beijing Celebration City

The Group has a 50% interest in Beijing Celebration City. In July 2011, the project companies of Beijing Celebration City entered into agreements with the People's Government of Xianghe County, Langfang City of Hebei Province for the surrender of this 281,000 square metre site together with the superstructure construction works made thereon. Details of the event are disclosed in the Company's announcement dated 24 July 2011.

8. Platinum Bay

This project is located in Yingkou City, Liaoning Province. The site area of this project is approximately 396,000 square metres and upon completion is projected to provide total gross floor area of approximately 591,000 square metres. The pre-sale of Phase I of this project was launched in the third quarter of 2011. The design and planning of the subsequent stages of the project development is currently undergoing review with a view to evaluating and gauging the latest market trends and purchasers' preferences.

	Total	Contracted sales in 2011	Contracted sales up to 2010	Delivered in 2011
	Total gross saleable floor area (square metres)			
Total	591,000	**14,102**	—	**—**

REAL ESTATE DEVELOPMENT (Cont'd)

9. Hallstatt See

This project is located in Huizhou, Guangdong Province with a site area of 578,000 square metres. It is planned for development of villas and condominium units and commercial floor space and to provide a total gross floor area of approximately 673,000 square metres. Construction of Phase I of the project had commenced in April 2011 whilst Phase II is currently in the design stage. Pre-sale of the first phase of this project is anticipated to be launched in the second quarter of 2012.

10. Fortune Garden

The project is located in the prestigious Haidian District, Beijing with a site area of approximately 139,000 square metres. It is designed for high-end residential development providing total gross floor area of approximately 404,000 square metres. The pre-sale of the first phase of the project was launched in December 2011 and the contract sum as at 31 December 2011 amounted to HK$228.2 million.

SPECIALISED CONSTRUCTION

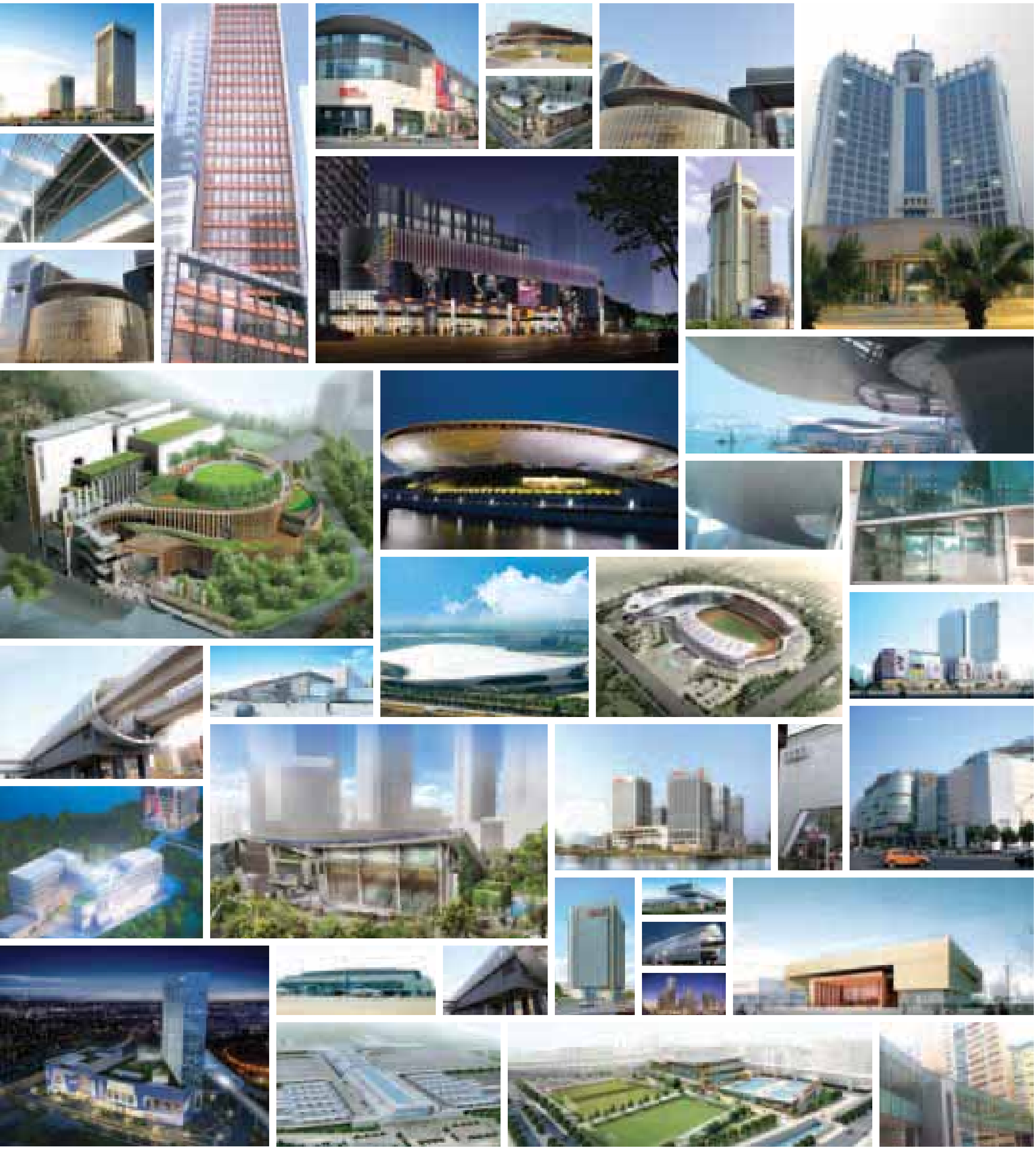
The Group is engaged in the business of specialised construction mainly encompassing the services of design and installation of curtain walls via two wholly-owned subsidiary companies, namely Condo Shanghai for the PRC market and Condo HK for the Hong Kong and Macau markets. Revenue from this operating segment showed an increase of 38.5% in 2011, as a result of record value of contracts and projects completed in the PRC and Hong Kong during the year. However, the operating results of this operating segment, net of intra-group transactions, showed an operating loss of HK$76.6 million in 2011, as compared to a profit of HK$26.4 million in 2010.

Condo Shanghai

2011 had presented significant challenges to all segments of the real estate industry in the PRC, including downstream operations such as curtain wall works and interior decoration. In addition, escalating costs and labour shortages presented further test to Condo Shanghai during the year. For the year ended 31 December 2011, Condo Shanghai's revenue grew by 50.8% to HK$622.9 million (including HK$113.8 million generated from inter-company transactions (2010: HK$16.8 million)) as compared to HK$413.0 million in 2010. The PRC market remains a source of continued and increased supply of new construction works in the foreseeable future. However, in order to achieve sustained profitability, this subsidiary company will continue to focus on exerting efficient controls over costs and improve on design and operational capabilities for the purpose of acquiring higher value added and higher margin contracts.

Condo HK

Condo HK achieved higher professional recognition during the year with its successful certifications for ISO9001 and ISO14001 standards in early 2011. The year of 2011 has also marked a noteworthy transition for Condo HK with the relocation to a new office, and a revision in its operation and strategy leading to an increase in professional staff members. In terms of financial performance, revenue generated by this subsidiary company increased substantially in 2011, from HK$31.4 million in 2010 to HK$83.1 million. Profit from Condo HK was flat in 2011 primarily due to increase in operating cost and project cost escalations. However, positive projections of construction activity in Hong Kong will be beneficial to the development of Condo HK in the future.



PROPERTY INVESTMENT

The Group's investment property portfolio in Hong Kong comprises two commercial office buildings, namely the China Minmetals Tower in Tsimshatsui and the ONFEM Tower in Central, complimented by four residential units, all of which are located in Hong Kong. In 2011, revenue from this operating segment showed an increase of 7.8%, rising from HK$49.0 million in 2010 to HK$52.8 million (excluding HK$1.1 million generated from inter-company transactions (2010: Nil)) in 2011. Such performance is attributable to the generally strong momentum of the Hong Kong's property market during the year, demonstrated by higher rental revisions and virtually full occupancy in all premises. In respect of China Minmetals Tower, a new anchor tenant had been secured following the completion of major alteration and addition works to its retail space. The introduction of minimum wages in Hong Kong in May 2011 has exhibited clear cost side impacts, further necessitating the continued application of stringent cost controls measures, as well as further refinements to enhance the quality and value of the investment property portfolio.

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 2011, 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 2011, total cash and bank balances of the Group stood at HK$3,022.1 million (2010: HK$3,362.9 million), 10.1% lower than the corresponding figure in 2010.

As at 31 December 2011, cash and bank deposits of the Group excluding restricted cash and bank deposits were HK$2,858.6 million (2010: HK$3,249.9 million), of which 70.4%, 21.7%, and 7.9% (2010: 43.7%, 52.9% and 3.4%) 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$5,232.2 million (2010: HK$4,064.7 million). The Group has substantial financial facilities at its disposal having a combined banking facility of HK$6,509.0 million as at the end of 2011, as compared with HK$1,628.0 million in 2010. Unutilised banking facilities of the Group amounted to HK$3,665.2 million as at 31 December 2011 (2010: HK$595.5 million). The gearing ratio of net debt to total equity of the Group as at 31 December 2011 was 30.5% (2010: 11.2%). 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 2011		31 December 2010	
	HK$ million	**%**	HK$ million	%
Within one year	**2,773.1**	**53.0**	3,493.0	85.9
In the second to fifth year	**2,459.1**	**47.0**	571.7	14.1
	5,232.2	**100.0**	4,064.7	100.0

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

	31 December 2011		31 December 2010	
	HK$ million	**%**	HK$ million	%
Renminbi	**2,984.4**	**57.0**	3,123.8	76.9
Hong Kong dollar	**2,247.8**	**43.0**	940.9	23.1
	5,232.2	**100.0**	4,064.7	100.0

LIQUIDITY AND FINANCIAL RESOURCES (Cont'd)

As at the end of 2010, a loan from a non-controlling shareholder of a subsidiary amounting to HK$408.4 million remained outstanding. This was subsequently repaid during the year of 2011. 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 2011 amounted to HK$31.1 million (2010: HK$1.9 million) after capitalisation of HK$205.6 million (2010: HK$42.4 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 dollars, 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 dollars and Renminbi. Accordingly, the Group has exposure to exchange rate movements between Hong Kong dollars 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 2011, 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 2011, 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$982.6 million (2010: HK$970.8 million);

(ii) land and buildings of approximately HK$79.6 million (2010: HK$62.6 million); and

(iii) properties under development with carrying amounts of approximately HK$840.2 million (2010: HK$943.8 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

The Group has substantially expanded its staff force during the year, in tandem with the Group's efforts in building its property management and other professional capabilities in support of business expansion. As at 31 December 2011, the Group employed 870 (2010: 520) staff, including the Directors. Staff costs in both China and Hong Kong had followed a general rising trend during the year, and we will continue to adopt a remuneration policy in line with market practice in all localities in which it operates, for the purpose of recruiting and retaining suitable talents. The total remuneration and benefits of the Directors and staff of the Group for the year ended 31 December 2011 were HK$163.1 million (2010: HK$91.9 million).

Corporate Governance Report

The Board is pleased to present the corporate governance report for the year ended 31 December 2011.

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 announced Listing Rules amendments on corporate governance code and associated Listing Rules and has taken necessary steps to comply with the amended rules and code provisions before they come into effect.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, throughout the year ended 31 December 2011, the Company has complied with the code provisions of the CG Code 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 E.1.2 requires that the chairman of the Board and the chairman of all the board committees of listed companies to attend and answer questions at the annual general meeting.

Mr. Sun Xiaomin, the Chairman of the Board and of the remuneration committee, was not available for the Company's annual general meeting for 2011 due to ad hoc business commitment. Accordingly, Mr. He Jianbo, the Managing Director and a member of the remuneration committee, took the chair of the said meeting.

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 twelve 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 & Non-executive Director			M	C
Mr. Qian Wenchao	Deputy Chairman & Executive Director	M			
Mr. He Jianbo	Managing Director & Executive Director	C		M	M
Mr. Yin Liang	Senior Deputy Managing Director & Executive Director	M			
Ms. He Xiaoli	Deputy Managing Director & Executive Director	M			
Mr. Yang Lu	Deputy Managing Director & Executive Director	M			
Mr. Pan Zhongyi	Non-executive Director				
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.

Throughout the year, the Company met at all times the requirements of the Listing Rules to have at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate accounting and financial management expertise and professional qualifications.

BOARD OF DIRECTORS (Cont'd)

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.

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 2011. 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. Qian Wenchao	4/4
Mr. He Jianbo	4/4
Mr. Yin Liang	3/4
Ms. He Xiaoli	4/4
Mr. Yang Lu	4/4
Mr. Pan Zhongyi	2/4
Mr. Tian Jingqi	3/4
Mr. Liu Zeping	3/4
Mr. Lam Chun, Daniel	4/4
Mr. Selwyn Mar	3/4
Ms. Tam Wai Chu, Maria	4/4

The Directors acknowledge that they have a duty to act in good faith and in the best interests of the Group 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 Group's affairs and obtain a thorough understanding of the business of the Group. To this end, the Company provides monthly reports to Directors which contains updates on the business development of the Group. The Company also provides training for Directors to develop and refresh their knowledge and skills to discharge their duties.

Further, the Company enables the Directors, upon request, to seek advice from independent professional advisors at the Group'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.

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" (the "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 2011.

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 2011, the Directors ensured that the consolidated financial statements had been prepared in accordance with statutory requirements and applicable accounting standards; made judgement 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 2011, the Audit Committee 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 were 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 on 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.

In view of the new code provisions as contained in Appendix 14 to the Listing Rules which will take effect on 1 April 2012, the terms of reference of the committee have been amended accordingly.

The Audit Committee held three meetings in 2011. The attendance of the members of the Audit Committee is as follows:

Members of the Audit Committee	Attendance
Mr. Selwyn Mar — Chairman	3/3
Mr. Lam Chun, Daniel	3/3
Ms. Tam Wai Chu, Maria	3/3

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 2010 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 2011 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 2011;

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 had 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 had adequate resources and was effective; and

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

The Board agrees with the proposal of the Audit Committee for the re-appointment of PwC as the Company's independent auditor for the year ending 31 December 2012. The Company will put forward a resolution in respect of the re-appointment of PwC as the Company's independent auditor for the year ending 31 December 2012 for approval by Shareholders at the AGM.

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.

In view of the new code provisions as contained in Appendix 14 to the Listing Rules which will take effect on 1 April 2012, the terms of reference of the committee have been amended accordingly. Simultaneously, Ms. Tam Wai Chu, Maria, an Independent Non-Executive Director, was designated as the chairman of the committee in December 2011.

The Remuneration Committee held one meeting in 2011. The attendance of the members of the Remuneration Committee is as follows:

Members of the Remuneration Committee	Attendance
Ms. Tam Wai Chu, Maria — Chairman	1/1
Mr. Sun Xiaomin	0/1
Mr. He Jianbo	1/1
Mr. Lam Chun, Daniel	1/1
Mr. Selwyn Mar	1/1

During the year, the Remuneration Committee reviewed and discussed the annual bonus proposal, the annual salary adjustment proposal and issues concerning share options of the Company.

BOARD COMMITTEES (Cont'd)

C. Nomination Committee

The Company has established a Nomination Committee in December 2011 which 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. No meeting is yet to be held by the Nomination Committee in 2011.

AUDITOR'S REMUNERATION

For the year ended 31 December 2011, PwC, the independent auditor of the Group, received approximately HK$3.90 million (2010: HK$3.59 million) for audit services, and approximately HK$0.36 million (2010: HK$0.57 million) for non-audit services which include the review of the 2011 interim report.

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 general 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.

COMMUNICATION WITH SHAREHOLDERS AND INVESTMENT COMMUNITY (Cont'd)

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 us 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.

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 an investor conference and organized four road shows (both domestic and overseas) and three visits to our real estate development projects in the PRC.

Directors' and Senior Management's Profile

DIRECTORS

Mr. Sun Xiaomin

Mr. Qian Wenchao

Mr. He Jianbo

Mr. Yin Liang

Mr. Sun Xiaomin, aged 57, 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. Qian Wenchao, aged 47, was appointed as an Executive Director of the Company in November 2003. In December 2006, Mr. Qian was nominated to the position of the Deputy Chairman of the Company. He is also a director of Minmetals HK and June Glory. Mr. Qian graduated from Beijing Technology and Business University with a Bachelor of Arts Degree in 1987 and completed his graduate study in accounting in the same university in 1989. He joined China Minmetals in 1989 and was assigned to the Overseas Enterprises Division of China Minmetals with responsibilities in financial management. Mr. Qian has over 15 years of experience in corporate financial management.

Mr. He Jianbo, aged 42, was appointed as an Executive Director and Managing Director of the Company in December 2007 and 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 the 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 had been the secretary of the board of directors and is a director of Minmetals HK. Mr. He has over 19 years of experience in corporate management, strategic planning and investment.

Mr. Yin Liang, aged 43, 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 is also a director of June Glory. Mr. Yin 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 trading, legal affairs, investment and corporate management. Mr. Yin has extensive experience in investment and corporate management.

Ms. He Xiaoli

Mr. Yang Lu

Mr. Pan Zhongyi

Mr. Tian Jingqi

Ms. He Xiaoli, aged 44, 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. Yang Lu, aged 54, was appointed as an Executive Director and a Deputy Managing Director of the Company in June 2010. 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.. Mr. Yang joined the Company as the General Manager of the Real Estate Development Department in May 2007 and assists the initial management of new projects and oversees the business development of real estate development projects of the Company in the PRC. 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. Pan Zhongyi, aged 48, was appointed as a Non-executive Director of the Company in June 2010. He graduated from Northeast Normal University in 1989 with a Bachelor's Degree in English and is an Assistant International Business Engineer in the PRC. Mr. Pan joined China Minmetals in 1996 and is an Assistant to the President of China Minmetals, a Deputy General Manager of the Real Estate and Construction Business Centre of China Minmetals and the General Manager of Yingkou Industrial Park. Mr. Pan has extensive experience in real estate development, corporate management and trading business.

Mr. Tian Jingqi, aged 48, 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 the General Manager of Minmetals Real Estate. Mr. Tian has extensive experience in real estate and international trading business.

Directors' and Senior Management's Profile

DIRECTORS (Cont'd)

Mr. Liu Zeping

Mr. Lam Chun, Daniel

Mr. Selwyn Mar

Ms. Tam Wai Chu, Maria

Mr. Liu Zeping, aged 43, 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 of Ershisanye. Mr. Liu has extensive experience in real estate development and construction business.

Mr. Lam Chun, Daniel, aged 66, was appointed as an Independent Non-executive Director of the Company in May 1997. Mr. Lam is an Authorized 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, aged 76, 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 34 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, aged 66, 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. Xu Bingliang

Mr. Law Yiu Wing, Patrick

Mr. Leung Kin Hong

Mr. Xu Bingliang, aged 46, 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, aged 49, 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.

Mr. Leung Kin Hong, aged 41, joined the Company as the Financial Controller in January 2009. Mr. Leung is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants and holds a Master's Degree of Finance. Prior to joining the Company, Mr. Leung had worked in an international professional accounting firm and several listed companies in Hong Kong to gain his extensive experience in financial and general management.

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 2011.

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 55.

The Board recommends the payment of a final dividend of HK1 cent (2010: HK1 cent) per share payable in cash to shareholders whose names appearing on the register of members of the Company on Monday, 4 June 2012.

The dividend cheques will be distributed to Shareholders on or about Friday, 29 June 2012.

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 4 to 14.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2011, calculated in accordance with the Companies Act of Bermuda, amounted to HK$254,407,000 (2010: HK$448,797,000).

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 129.

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 333,763,470, representing approximately 10.0% 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 option; and (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)

Details of the movements of share options during the year ended 31 December 2011 are as follows:

Category of participant	Date of grant	Exercisable period	Exercise price HK$	Number of share options As at 1 January 2011	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2011
(i) Directors								
Mr. Qian Wenchao	1 December 2008	1 December 2010 to 30 November 2018	0.45	1,473,333	—	442,000	—	1,031,333
Mr. He Jianbo	1 December 2008	1 December 2010 to 30 November 2018	0.45	2,040,000	—	612,000	—	1,428,000
Mr. Yin Liang	1 December 2008	1 December 2010 to 30 November 2018	0.45	1,360,000	—	408,000	—	952,000
Ms. He Xiaoli	1 December 2008	1 December 2010 to 30 November 2018	0.45	1,133,333	—	340,000	—	793,333
Mr. Yang Lu	1 December 2008	1 December 2010 to 30 November 2018	0.45	680,000	—	204,000	—	476,000
(ii) Employees and others	1 December 2008	1 December 2010 to 30 November 2018	0.45	7,277,701	—	476,000	81,033	6,720,668
				13,964,367	—	2,482,000	81,033	11,401,334

Note: 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.

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.

DIRECTORS

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

Non-executive Directors

Mr. Sun Xiaomin
Mr. Pan Zhongyi
Mr. Tian Jingqi
Mr. Liu Zeping

Executive Directors

Mr. Qian Wenchao
Mr. He Jianbo
Mr. Yin Liang
Ms. He Xiaoli
Mr. Yang Lu

Independent Non-executive Directors

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

Mr. Qian Wenchao, Ms. He Xiaoli, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria will retire from the office of Director at the AGM in accordance with bye-law 111(A) of the Bye-Laws and, being eligible, offer themselves for re-election at the AGM.

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 business that are required to be disclosed pursuant to Rule 8.10 of the Listing Rules as informed by the relevant Directors are as follows:

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

Mr. Pan Zhongyi, a Non-executive Director, is also a director and the general manager of Yingkou Industrial Park, and a director of 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.

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.

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

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).

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

As at 31 December 2011, 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. Qian Wenchao	Personal	442,000	0.013%
Mr. He Jianbo	Personal	612,000	0.018%
Mr. Yin Liang	Personal	408,000	0.012%
Ms. He Xiaoli	Personal	370,000	0.011%
Mr. Yang Lu	Personal	204,000	0.006%

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

Save as disclosed above, as at 31 December 2011, 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 2011.

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 2011.

There was no repurchase or exercise of options and convertible securities during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2011, 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	2,069,505,506 (Note 1)	62.0%
Minmetals HK	2,069,505,506 (Note 1)	62.0%
June Glory	2,069,505,506 (Note 1)	62.0%
Mr. Osbert Lyman	170,139,862 (Note 2)	5.1%
Strategic Power International Limited	170,139,862 (Note 2)	5.1%

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 2011:

1. DCPCL (a subsidiary owned as to 71% by the Company) and Ershisanye (a non wholly-owned subsidiary of China Minmetals) entered into a main contract on 31 July 2007 for the construction work of phase I of Laguna Bay in Nanjing, the PRC. Details of the transaction have been published in the Company's announcement dated 31 July 2007 and the circular dated 21 August 2007. The construction work has been completed during the year and is pending for the finalisation of completion accounts.

2. Jiahe Risheng (a wholly-owned subsidiary of the Company) and Ershisanye entered into a main contract on 10 September 2008 for the construction work of certain parts of phase I of LOHAS International Community in Changsha, the PRC. Details of the transaction have been published in the Company's announcement dated 10 September 2008 and the circular dated 30 September 2008. The construction work has been completed during the year and is pending for the finalisation of completion accounts.

3. Jiahe Risheng and Minmetals Real Estate (a wholly-owned subsidiary of China Minmetals) entered into a Renminbi loan agreement dated 16 December 2010, details of which are set out below:

Amount of the loan	:	RMB60,000,000
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 Jiahe Risheng

The aforesaid loan was repaid by Jiahe Risheng on 18 May 2011.

CONTRACTS OF SIGNIFICANCE (Cont'd)

4. Zhongrun Chengzhen (a wholly-owned subsidiary of the Company) and Minmetals Real Estate entered into a Renminbi loan agreement dated 16 December 2010, details of which are set out below:

Amount of the loan	:	RMB152,000,000
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 Zhongrun Chengzhen

The aforesaid loan was repaid by Zhongrun Chengzhen on 16 May 2011.

5. Minmetals Land Beijing (a wholly-owned subsidiary of the Company) and Minmetals Real Estate entered into a Renminbi loan agreement dated 16 December 2010, 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 renewed on 16 June 2011 and 16 December 2011 respectively for another 6 months.

6. Minmetals Land Beijing and Minmetals Real Estate entered into a Renminbi loan agreement dated 29 December 2010, details of which are set out below:

Amount of the loan	:	RMB1,753,000,000
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 renewed on 29 June 2011 and 29 December 2011 respectively for another 6 months.

7. Zhongrun Chengzhen and Minmetals Real Estate entered into a Renminbi loan agreement dated 31 December 2010, details of which are set out below:

Amount of the loan	:	RMB10,000,000
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 Zhongrun Chengzhen

The aforesaid loan was repaid by Zhongrun Chengzhen on 16 May 2011.

8. Minmetals Land Beijing and Minmetals Real Estate entered into a Renminbi loan agreement dated 20 January 2011, details of which are set out below:

Amount of the loan	:	RMB50,000,000
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 5 August 2011.

CONTRACTS OF SIGNIFICANCE (Cont'd)

9. Minmetals Land Beijing and Minmetals Real Estate entered into a Renminbi loan agreement dated 16 May 2011, details of which are set out below:

Amount of the loan	:	RMB220,000,000
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 renewed on 16 November 2011 for another 6 months. RMB50,000,000 and RMB150,000,000 were repaid on 16 December 2011 and 26 December 2011 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 2011.

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	
	2011	2010	**2011**	2010
The largest customer	**5.1%**	3.7%		
Five largest customers in aggregate	**11.4%**	11.7%		
The largest supplier			**15.7%**	12.2%
Five largest suppliers in aggregate			**24.4%**	37.4%

Ershisanye is the largest supplier of the Group during the year. China Minmetals, the ultimate controlling shareholder of the Company, indirectly holds approximately 73.19% equity interest in Ershisanye.

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 2011 are as follows:

1. A material supply agreement dated 28 September 2009 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 2011 was RMB144,680,908.

2. A tenancy agreement dated 30 December 2009 was entered into between Cheerglory Traders (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	:	11th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	two years ended 31 December 2011
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 Cheerglory Traders under Tenancy Agreement I for the year ended 31 December 2011 was HK$1,320,804.

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

Premises	:	16th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	two years ending 15 May 2012
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 II for the year ended 31 December 2011 was HK$1,320,804.

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

Premises	:	19th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	two years ending 31 May 2012
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 III for the year ended 31 December 2011 was HK$1,320,804.

CONTINUING CONNECTED TRANSACTIONS (Cont'd)

5. A tenancy agreement dated 29 October 2010 was entered into between Eastern Master (a non wholly-owned subsidiary of China Minmetals) as the tenant and Texion as the landlord (the "Tenancy Agreement IV"), details of which are set out below:

Premises	:	12th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	two years ending 31 October 2012
Rental	:	HK$121,653 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 Eastern Master under Tenancy Agreement IV for the year ended 31 December 2011 was HK$1,216,530. Tenancy Agreement IV was terminated on 30 November 2011.

6. 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 tenders, 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 2011 was RMB133,882,628.

7. 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 Minmetals Grace Home (a wholly-owned subsidiary of the Company) whereby Yingkou Minmetals 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 Minmetals Grace Home for the year ended 31 December 2011 was RMB345,861.

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.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS (Cont'd)

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 Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the Continuing Connected Transactions disclosed by the Group on pages 50 to 51 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.

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 2011 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 who will retire at the AGM and, being eligible, offer themselves for re-appointment at the AGM.

By order of the Board
He Jianbo
Managing Director

Hong Kong, 28 March 2012

Independent Auditor's Report

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 55 to 128, which comprise the consolidated and company balance sheets as at 31 December 2011, 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 these 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
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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 2011, 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, 28 March 2012

Consolidated Income Statement

For the year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Revenue	5	5,329,279	1,658,811
Cost of sales	6	(3,638,355)	(1,032,083)
Gross profit		1,690,924	626,728
Other gains	7	82,884	349,968
Fair value gain on investment properties	15	55,844	37,440
Selling and distribution costs	6	(148,289)	(61,020)
Administrative expenses	6	(296,744)	(144,097)
Operating profit		1,384,619	809,019
Finance income	9	79,591	14,111
Finance costs	9	(31,119)	(1,867)
Share of results of associated companies	18	(20,426)	(2,936)
Profit before tax		1,412,665	818,327
Tax charge	10	(640,883)	(209,565)
Profit for the year		771,782	608,762
Attributable to:			
Equity holders of the Company	11	610,424	526,913
Non-controlling interests		161,358	81,849
		771,782	608,762
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK cents per share):			
Basic	12	18.29	19.14
Diluted	12	18.25	19.07
Dividends	13	33,378	33,375

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**771,782**	608,762
Other comprehensive income/(expense)		
Fair value loss of available-for-sale financial assets	—	(92,188)
Loss arising on revaluation of financial assets at fair value through other comprehensive income	**(193,595)**	—
Currency translation differences	**245,220**	90,092
	51,625	(2,096)
Total comprehensive income for the year	**823,407**	606,666
Attributable to:		
Equity holders of the Company	**614,226**	491,725
Non-controlling interests	**209,181**	114,941
	823,407	606,666

Consolidated Balance Sheet

As at 31 December 2011

	Note	**2011 HK$'000**	2010 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	14	**139,949**	86,459
Investment properties	15	**1,007,189**	970,829
Goodwill	16	**9,801**	11,712
Interests in associated companies	18(a)	**235,859**	200,490
Available-for-sale financial assets	22	**—**	539,300
Financial assets at fair value through other comprehensive income	22	**345,705**	—
Deferred tax assets	28	**93,342**	102,175
		1,831,845	1,910,965
Current assets			
Inventories	19	**7,492,558**	5,845,239
Gross amounts due from customers for contract work	20	**9,144**	1,251
Prepayments, trade and other receivables	21	**3,559,717**	4,409,468
Loan to an associated company	18(b)	**962,500**	—
Loan to a non-controlling shareholder of a subsidiary		**156,655**	—
Cash and bank deposits, restricted	23	**163,513**	113,075
Cash and bank deposits, unrestricted	24	**2,858,547**	3,249,850
		15,202,634	13,618,883
Total assets		**17,034,479**	15,529,848
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	**333,782**	333,534
Reserves	26	**6,170,303**	5,589,336
		6,504,085	5,922,870
Non-controlling interests		**746,400**	356,476
Total equity		**7,250,485**	6,279,346

Consolidated Balance Sheet

As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	27	2,459,123	571,704
Deferred tax liabilities	28	151,032	219,286
Other liabilities		606	570
		2,610,761	791,560
Current liabilities			
Borrowings	27	2,773,096	3,493,026
Trade and other payables	29	2,794,223	2,163,147
Deferred revenue		1,316,459	2,598,742
Current tax payable		289,455	204,027
		7,173,233	8,458,942
Total liabilities		9,783,994	9,250,502
Total equity and liabilities		17,034,479	15,529,848
Net current assets		8,029,401	5,159,941
Total assets less current liabilities		9,861,246	7,070,906

He Jianbo
Director

He Xiaoli
Director

Balance Sheet

As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Assets			
Non-current assets			
Investments in subsidiaries	17(a)	**2,637,329**	2,747,814
Current assets			
Loans to subsidiaries	17(b)	**—**	—
Amounts due from subsidiaries	17(c)	**3,917,006**	1,972,710
Other receivables	21	**1,108**	895
Cash and bank deposits, unrestricted	24	**338,574**	690,686
		4,256,688	2,664,291
Total assets		**6,894,017**	5,412,105
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	**333,782**	333,534
Reserves	26	**4,526,243**	4,718,888
Total equity		**4,860,025**	5,052,422
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	17(c)	**2,002,875**	343,438
Accrued liabilities and other payables	29	**31,117**	16,245
Total liabilities		**2,033,992**	359,683
Total equity and liabilities		**6,894,017**	5,412,105
Net current assets		**2,222,696**	2,304,608
Total assets less current liabilities		**4,860,025**	5,052,422

He Jianbo
Director

He Xiaoli
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	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 2010	273,279	4,146,379	4,419,658	314,673	4,734,331
Total comprehensive income for the year	—	491,725	491,725	114,941	606,666
Transactions with owners					
Issue of shares	60,255	884,340	944,595	—	944,595
Acquisition of non-controlling interest in a subsidiary	—	65,348	65,348	(269,927)	(204,579)
Formation of subsidiaries	—	—	—	196,789	196,789
Employee share option benefits	—	1,544	1,544	—	1,544
	60,255	951,232	1,011,487	(73,138)	938,349
Balance as at 31 December 2010	333,534	5,589,336	5,922,870	356,476	6,279,346
Total comprehensive income for the year	**—**	**614,226**	**614,226**	**209,181**	**823,407**
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 31 December 2011	**333,782**	**6,170,303**	**6,504,085**	**746,400**	**7,250,485**

Consolidated Cash Flow Statement

For the year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Operating activities			
Cash generated from/(used in) operations	31(a)	**201,006**	(1,890,323)
Interest paid		**(236,763)**	(44,267)
Income tax paid		**(520,763)**	(286,705)
Net cash used in operating activities		**(556,520)**	(2,221,295)
Investing activities			
Acquisition of subsidiaries	31(b)	**—**	749,637
Additions of investment properties		**(1,516)**	—
Purchase of property, plant and equipment		**(16,677)**	(8,293)
Loan to a non-controlling shareholder of a subsidiary		**(156,655)**	—
Loan to an associated company		**(962,500)**	—
Investments in associated companies		**(42,562)**	(203,426)
Interest received		**79,591**	14,111
Net cash (used in)/generated from investing activities		**(1,100,319)**	552,029
Financing activities			
Net proceeds from issue of shares		**1,117**	564
Contributions from non-controlling shareholders		**180,743**	—
New borrowings		**2,847,860**	2,940,465
Repayment of borrowings		**(1,680,371)**	(387,405)
Increase in cash and bank deposits, restricted		**(50,438)**	(28,858)
Dividends paid to the Company's shareholders		**(33,375)**	—
Net cash generated from financing activities		**1,265,536**	2,524,766
(Decrease)/increase in cash and cash equivalents		**(391,303)**	855,500
Cash and cash equivalents at beginning of the year		**3,249,850**	2,394,350
Cash and cash equivalents at end of the year	24	**2,858,547**	3,249,850

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 Macau, 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 28 March 2012.

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) Early adoption of new HKFRS

The Group has early adopted HKFRS 9 "Financial instruments" which is effective from 1 January 2015.

HKFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and amended in October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement and derecognition of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(i) Early adoption of new HKFRS (Continued)

The Group has adopted HKFRS 9 from 1 January 2011, as well as the related consequential amendments to other HKFRS, because this new accounting treatment provides more relevant information for the Group's financial instruments based on how the Group manages its financial instruments. In accordance with the transitional provisions for entities initially applying the standards before 1 January 2012, comparative figures have not been restated.

The Group's management has assessed the financial assets held by the Group at the date of initial application of HKFRS 9 (1 January 2011). The main effects resulting from this assessment were:

Equity investments not held for trading that were previously measured at fair value and classified as available-for-sale have been irrevocably designated as at fair value through other comprehensive income. As a result, fair value losses of HK$18,437,000 were reclassified from the available-for-sale financial assets revaluation reserve to the investments revaluation reserve at 1 January 2011.

There was no difference between the previous carrying amount under HKAS 39 and the revised carrying amount under HKFRS 9 of the financial assets at 1 January 2011 to be recognised in opening retained earnings. There was no effect on earnings per share as a result of the adoption of HKFRS 9.

(ii) New and revised standards and amendments effective in 2011

The Group adopted certain new and revised standards and amendments which are relevant to its operations as described below:

HKAS 1 (Amendment), "Presentation of financial statements". The amendment confirms that entities may present either in the statement of changes in equity or within the notes, an analysis of the components of other comprehensive income by item. The adoption of this amendment did not have any significant impact on the Group's financial statements except for certain changes in presentation and disclosures.

HKAS 24 (revised), "Related party transactions". The amendment introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose (i) the name of the government and the nature of their relationship; (ii) the nature and amount of any individually-significant transactions; and (iii) the extent of any collectively-significant transactions qualitatively or quantitatively. It also clarifies and simplifies the definition of a related party. The Group has applied HKAS 24 (revised) prospectively to all related party transactions from 1 January 2011 and revised the disclosure on related party transactions in accordance with the requirement of HKAS 24 (revised).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(ii) New and revised standards and amendments effective in 2011 (Continued)

HKAS 27 (Amendment), "Consolidated and separate financial statement". It clarifies that the amendments as a result of this standard made to HKAS 21, HKAS 28 and HKAS 31 required prospective application. The adoption of this amendment did not have any impact on the Group's financial statements.

HKAS 34 (Amendment), "Interim financial reporting". The amendment clarifies the meaning of "significant events and transactions" by providing examples of the events or transactions that would require disclosure. Greater emphasis has been placed on the disclosure principles in HKAS 34 involving significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report. The adoption of this amendment did not have any significant impact on the Group's financial statements except for certain changes on disclosures and presentation.

HKFRS 3 (Revised), "Business combinations". The amendment clarifies that (i) entities should apply the rules in HKFRS 3 to contingent consideration that arises from a business combination with acquisition dates that precede the application of HKFRS 3 (Revised); (ii) only entities with present ownership instruments that entitle their holders to a pro rata share of the entity's net assets in the event of liquidation can choose to measure the non-controlling interest at fair value or the non-controlling interest's proportionate share of the acquiree's identifiable net assets; and (iii) the application guidance in HKFRS 3 (Revised) applies to all unexpired share-based payment awards that form part of a business combination, regardless of whether the acquirer is obliged to replace the award. The adoption of this amendment did not have any impact on the Group's financial statements.

HKFRS 7 (Amendment), "Financial instruments: Disclosures". The amendment clarifies seven disclosure requirements for financial instruments, with a particular focus on the qualitative disclosures and credit risk disclosures. The adoption of this amendment did not have any significant impact on the Group's financial statements except for certain changes in presentation and disclosures.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(iii) New and revised standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following new and revised standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2012, relevant to the Group and have not been early adopted.

HKAS 12 (Amendment), "Deferred tax: Recovery of underlying assets" (effective from 1 January 2012). HKAS 12, "Income taxes", currently 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. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in HKAS 40, "Investment property". This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendment, there is a rebuttable presumption that investment property measured at fair value is recovered entirely by sale. The Group will adopt the amendment from 1 January 2012 on a retrospective basis.

HKAS 1 (Amendment), "Presentation of financial statements" (effective from 1 July 2012). The main change resulting from this amendment 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 amendment does not address which items are presented in OCI.

HKFRS 10, "Consolidated financial statements" (effective from 1 January 2013). The objective of HKFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. This standard sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

HKFRS 11, "Joint arrangements" (effective from 1 January 2013). HKFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportionate consolidation of joint ventures is no longer allowed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(iii) New and revised standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

HKFRS 12, "Disclosure of interests in other entities" (effective from 1 January 2013). HKFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associated companies, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13, "Fair value measurements" (effective from 1 January 2013). HKFRS 13 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, which are largely aligned between HKFRSs and US GAAP, 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 or US GAAP.

HKAS 19 (Amendment), "Employee benefits" (effective from 1 January 2013). The amendment eliminates the corridor approach and calculate finance costs on a net funding basis.

HKAS 27 (Revised 2011), "Separate financial statements" (effective from 1 January 2013). HKAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10.

HKAS 28 (Revised 2011), "Associates and joint ventures" (effective from 1 January 2013). HKAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(i) Subsidiaries (Continued)

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

(a) Business combinations

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

Acquisition-related costs are expenses as incurred.

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(i) Subsidiaries (Continued)

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

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

(c) Disposal of subsidiaries

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

(d) Separate financial statements

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

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

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(ii) Associated companies (Continued)

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

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

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

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

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

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition (Continued)

(i) Sales of completed properties

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

(ii) Contract revenue

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

(iii) Operating lease rental income

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

(iv) Sales of securities investments

The accounting policy for sales of securities investments is set out in Note 2(l).

(v) Dividend income

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

(vi) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment

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

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

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

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

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

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

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

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investment properties (Continued)

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

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

Changes in fair values are recognised in the income statement.

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

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

(j) Goodwill

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of non-financial assets

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

(l) Financial assets

(a) Classification prior to 1 January 2011

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

(b) Recognition and measurement prior to 1 January 2011

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. 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.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income and accumulated in equity. When securities classified as available-for-sale are sold or impaired, the fair value adjustments accumulated in equity are reclassified to the income statement as gains or losses from securities investment. Dividends on available-for-sale equity instruments are recognised in the income statement as part of revenue when the Group's right to receive payments is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets (Continued)

(b) Recognition and measurement prior to 1 January 2011 (Continued)

The fair values of quoted investments are based on current bid prices.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(c) Classification from 1 January 2011

As from 1 January 2011, 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets (Continued)

(c) Classification from 1 January 2011 (Continued)

The classification and measurement category for each class of financial assets at the date of initial application (1 January 2011) were as follows:

Financial assets	Measurement category: Original (HKAS 39)	Measurement category: New (HKFRS 9)	Carrying amount: Original (HKAS 39) HK$'000	Carrying amount: New (HKFRS 9) HK$'000	Difference HK$'000
Equity investments (note 22)	Available-for-sale financial assets	Financial assets at fair value through other comprehensive income	539,300	539,300	—
Trade and other receivables (note 21)	Loans and receivables	Financial assets at amortised cost	521,494	521,494	—
Cash and bank deposits, restricted (note 23)	Loans and receivables	Financial assets at amortised cost	113,075	113,075	—
Cash and bank deposits, unrestricted (note 24)	Loans and receivables	Financial assets at amortised cost	3,249,850	3,249,850	—

The Group elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale, because the business model is to hold these equity investments for long-term strategic investment and not for trading.

(d) Recognition and measurement from 1 January 2011

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets (Continued)

(d) Recognition and measurement from 1 January 2011 (Continued)

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 a 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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 liabilities for at least 12 months after the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 tax 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Trade and other payables

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

(v) Provisions and contingent liabilities

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

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

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.

(x) Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation of the consolidated financial statements.

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 2011, if HK dollar had weakened/strengthened by 5% against RMB with all other variables held constant, post-tax profit for the year would have been HK$2,254,000 (2010: HK$4,418,000) higher/lower mainly as a result of foreign exchange gains/losses 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) post-tax profit for the year ended 31 December 2011 would be HK$203,000 (2010: HK$100,000) 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$12,978,000 (2010: HK$5,225,000) 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) post-tax profit for the year ended 31 December 2011 would be HK$3,697,000 (2010: HK$995,000) 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$25,228,000 (2010: HK$7,347,000) 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$34,570,000 (2010: HK$53,930,000) as at 31 December 2011.

(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.

(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.

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

3 FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Within 1 year HK$'000	**Between 1 and 2 years** HK$'000	**Between 2 and 5 years** HK$'000
The Group			
At 31 December 2011			
Borrowings	2,950,061	1,296,736	1,329,775
Trade, bills and contract payables	493,826	50,183	161,322
Amounts due to non-controlling shareholders of subsidiaries	55,408	—	—
	3,499,295	1,346,919	1,491,097
At 31 December 2010			
Borrowings	3,657,047	629,711	—
Trade, bills and contract payables	149,103	224,953	60,346
Amounts due to non-controlling shareholders of subsidiaries	482,907	—	—
	4,289,057	854,664	60,346
The Company			
At 31 December 2011			
Amounts due to subsidiaries	2,002,875	—	—
Other payables	31,117	—	—
	2,033,992	—	—
At 31 December 2010			
Amounts due to subsidiaries	343,438	—	—
Other payables	16,245	—	—
	359,683	—	—

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.

3 FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

3.2 Capital risk management (Continued)

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 2011 and 2010 were as follows:

	2011 **HK$'000**	2010 HK$'000
Total borrowings	**5,232,219**	4,064,730
Less: Cash and bank deposits	**(3,022,060)**	(3,362,925)
Net debt	**2,210,159**	701,805
Total equity	**7,250,485**	6,279,346
Gearing ratio	**30%**	11%

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 2011, equity securities amounting to HK$345,705,000 are measured at fair value and based on quoted market prices of an active market 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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 2011. 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 (2010: 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 the 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 purchasers 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:

	2011 **HK$'000**	2010 HK$'000
Sales of properties	**4,684,280**	1,182,170
Revenue from specialised construction contracts	**592,176**	427,617
Rental and management fee income from investment properties	**52,823**	49,024
	5,329,279	1,658,811

5 SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment revenue and results

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue										
Total segment revenue	**4,684,280**	1,182,170	**705,969**	444,371	**53,930**	49,024	**—**	—	**5,444,179**	1,675,565
Inter-segment revenue	**—**	—	**(113,793)**	(16,754)	**(1,107)**	—	**—**	—	**(114,900)**	(16,754)
Sales to external customers	**4,684,280**	1,182,170	**592,176**	427,617	**52,823**	49,024	**—**	—	**5,329,279**	1,658,811
Results										
Segment results	**1,480,245**	773,605	**(76,582)**	26,418	**98,877**	77,443	**5,752**	5,750	**1,508,292**	883,216
Unallocated corporate expenses, net									**(123,673)**	(74,197)
Operating profit									**1,384,619**	809,019
Finance income									**79,591**	14,111
Finance costs									**(31,119)**	(1,867)
Share of results of associated companies									**(20,426)**	(2,936)
Tax charge									**(640,883)**	(209,565)
Profit for the year									**771,782**	608,762

Segment assets and liabilities

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Assets										
Segment assets	**11,716,034**	9,623,169	**628,093**	390,950	**1,212,640**	1,041,832	**345,705**	539,300	**13,902,472**	11,595,251
Unallocated corporate assets									**3,132,007**	3,934,597
Total assets									**17,034,479**	15,529,848
Liabilities										
Segment liabilities	**8,270,010**	8,232,433	**469,925**	315,785	**16,732**	13,299	**—**	—	**8,756,667**	8,561,517
Unallocated corporate liabilities									**1,027,327**	688,985
Total liabilities									**9,783,994**	9,250,502

5 SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

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

Other segment information

	Real estate development		Specialised construction		Property investment		Securities investment		Corporate		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**235,859**	200,490	**—**	—	**—**	—	**—**	—	**—**	—	**235,859**	200,490
Capital expenditures	**8,587**	2,012	**5,793**	2,652	**2,815**	589	**—**	—	**998**	3,040	**18,193**	8,293
Depreciation recognised in the consolidated income statement	**3,388**	1,070	**1,661**	783	**889**	1,257	**—**	—	**1,554**	811	**7,492**	3,921
Fair value gain on investment properties	**—**	—	**—**	—	**55,844**	37,440	**—**	—	**—**	—	**55,844**	37,440
Impairment loss/(reversal of impairment loss)	**—**	—	**3,498**	(314)	**—**	—	**—**	—	**—**	—	**3,498**	(314)

(b) Geographical information

The Group's businesses operate in two main geographical areas:

Hong Kong and Macau:	Specialised construction, property investment and securities investment
The PRC:	Real estate development and specialised construction

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

	Hong Kong and Macau		The PRC		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
External sales	**135,888**	80,381	**5,193,391**	1,578,430	**5,329,279**	1,658,811
Total non-current assets	**1,438,568**	1,576,256	**299,935**	232,534	**1,738,503**	1,808,790

6 EXPENSES BY NATURE

	2011 HK$'000	2010 HK$'000
Advertising and other promotional cost	**148,289**	61,020
Cost of properties sold	**2,986,836**	640,347
Cost of specialised construction	**642,551**	383,592
Depreciation, net of capitalisation	**7,492**	3,921
Auditor's remuneration	**3,900**	3,589
Direct out-goings arising from investment properties that generated rental income	**8,968**	8,144
Employee benefit expense (including directors' emoluments) (Note 8)	**128,513**	76,644
Loss on disposal of property, plant and equipment	**1,545**	3,049
Legal and professional fees	**13,416**	18,768
Operating lease charges — minimum lease payment in respect of land and buildings	**8,909**	5,583
Provision for impairment of trade receivables/(recovery of receivables previously written-off)	**3,498**	(314)
Net exchange loss	**22,909**	—
Land use tax and other taxes	**54,352**	8,569
Others	**52,210**	24,288
Total of cost of sales, selling and distribution costs and administrative expenses	**4,083,388**	1,237,200

7 OTHER GAINS

	2011 HK$'000	2010 HK$'000
Excess of the fair value of net assets acquired over the cost of acquisition of interests in subsidiaries (Note 31(b))	**—**	332,280
Government subsidies	**45,969**	—
Gain from disposal of superstructure	**28,589**	—
Dividend income	**5,762**	5,762
Net foreign exchange gain	**—**	10,199
Others	**2,564**	1,727
	82,884	349,968

8 EMPLOYEE BENEFIT EXPENSE

	2011 HK$'000	2010 HK$'000
Wages, salaries and bonus	**149,065**	85,648
Provision/(write back of provision) for long service payment	**12**	(933)
Pension costs — defined contribution plans (Note 30)	**13,146**	5,619
Share option benefits	**876**	1,544
	163,099	91,878
Less: amount capitalised as properties under development	**(20,388)**	(5,042)
Less: amount included in cost of specialised construction	**(7,790)**	(7,373)
Less: amount included in advertising and other promotional cost	**(6,408)**	(2,819)
	128,513	76,644

(a) Directors' emoluments

The remuneration of each director of the Company ("Director", collectively "Directors") 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	—	—	—	—	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 (note (i))	—	—	—	—	—	—
Mr. Liu Zeping (note (i))	—	—	—	—	—	—
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

8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(a) Directors' emoluments (Continued)

The remuneration of each Director of the Company for the year ended 31 December 2010 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 2010						
Mr. Sun Xiaomin	—	—	—	—	—	—
Mr. Qian Wenchao	—	—	250	—	163	413
Mr. He Jianbo	—	2,464	800	96	225	3,585
Mr. Yin Liang	—	1,770	720	72	150	2,712
Ms. He Xiaoli	—	1,510	560	60	125	2,255
Mr. Yang Lu (note (i))	—	745	600	19	75	1,439
Mr. Pan Zhongyi (note (i))	—	—	—	—	—	—
Mr. Tian Jingqi (note (i))	—	—	—	—	—	—
Mr. Liu Zeping (note (i))	—	—	—	—	—	—
Mr. Yan Xichuan (note (ii))	—	541	—	25	63	629
Mr. Lam Chun, Daniel	300	—	—	—	—	300
Mr. Selwyn Mar	310	—	—	—	—	310
Ms. Tam Wai Chu, Maria	300	—	—	—	—	300
	910	7,030	2,930	272	801	11,943

During the year, no Directors waived or agreed to waive any emoluments (2010: 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 (2010: Nil).

Notes:

(i) Appointed on 1 June 2010

(ii) Resigned on 1 June 2010

8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Five highest-paid individuals

In 2011, five highest-paid individuals in the Group include three (2010: four) directors of the Company. These directors' emoluments are disclosed in (a) above. Details of the emoluments of the remaining two (2010: one) individuals are as follows:

	2011 **HK$'000**	2010 HK$'000
Salaries and allowances	**3,161**	1,236
Bonuses	**900**	510
Employer's contributions to pension schemes	**158**	62
Share option benefits	**43**	61
	4,262	1,869

The emoluments fell within the following bands:

	2011	2010
HK$1,500,001–HK$2,000,000	**1**	1
HK$2,000,001–HK$2,500,000	**1**	—
	2	1

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 (2010: Nil).

9 FINANCE INCOME AND COSTS

	2011 HK$'000	2010 HK$'000
Finance income		
Interest income from bank deposits	**29,285**	14,111
Interest income from loan to an associated company	**45,083**	—
Interest income from loan to a non-controlling shareholder of a subsidiary	**5,223**	—
	79,591	14,111
Finance costs		
Bank borrowings wholly repayable within five years	**55,233**	32,082
Other loans wholly repayable within five years	**181,530**	12,185
	236,763	44,267
Less: amount capitalised as properties under development (note (i))	**(205,644)**	(42,400)
	31,119	1,867

Note:

(i) Borrowing costs were capitalised at rates ranging from 2.98% to 6.72% (2010: 1.07% to 5.91%) 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 (2010: Nil). PRC enterprise income tax has been calculated on the estimated assessable profit for the year derived in the PRC at the rates of 24% to 25% (2010: 22% 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.

	2011 **HK$'000**	2010 HK$'000
Current tax — PRC		
Enterprise income tax	**330,698**	123,426
Land appreciation tax	**375,695**	125,825
	706,393	249,251
Deferred tax		
Recognition of temporary differences (Note 28)	**(65,510)**	(39,686)
Tax charge	**640,883**	209,565

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:

	2011 **HK$'000**	2010 HK$'000
Profit before tax	**1,412,665**	818,327
Tax calculated at domestic tax rates applicable to profits in the respective countries	**239,507**	146,110
Reversal of deferred tax liabilities	**—**	(1,697)
Income not subject to tax	**(28,651)**	(74,425)
Expenses not deductible for tax purposes	**37,996**	5,324
Utilisation of previously unrecognised tax losses	**(2,601)**	(2,708)
Land appreciation tax	**375,695**	125,825
Unrecognised tax losses	**18,937**	11,136
Tax charge	**640,883**	209,565

The weighted average applicable tax rate was 17.0% (2010: 17.9%). 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 loss of approximately HK$161,015,000 (2010: profit of HK$24,047,000) 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.

	2011	2010
Weighted average number of ordinary shares in issue (thousands)	**3,337,509**	2,752,590
Adjustment for share options (thousands)	**7,320**	11,116
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**3,344,829**	2,763,706
Profit attributable to equity holders (HK$'000)	**610,424**	526,913
Basic earnings per share (HK cents)	**18.29**	19.14
Diluted earnings per share (HK cents)	**18.25**	19.07

13 DIVIDENDS

The Directors recommend the payment of a final dividend of HK 1 cent (2010: HK 1 cent) per ordinary share. Such dividend is to be approved by the shareholders at the annual general meeting on 29 May 2012. 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$'000	Leasehold improvements HK$'000	Machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
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**
Year ended 31 December 2010						
Opening net book amount	64,338	5,431	1,634	4,092	2,639	78,134
Exchange differences	—	1	56	113	120	290
Additions	—	741	331	2,161	5,060	8,293
Acquisition of subsidiaries	—	—	172	232	3,085	3,489
Transfer from investment properties	3,350	—	—	—	—	3,350
Disposals	—	(2,710)	—	(339)	—	(3,049)
Depreciation	(579)	(1,031)	(250)	(1,009)	(1,179)	(4,048)
Closing net book amount	67,109	2,432	1,943	5,250	9,725	86,459
At 31 December 2010						
Cost	68,941	4,040	7,394	12,986	16,618	109,979
Accumulated depreciation and impairment	(1,832)	(1,608)	(5,451)	(7,736)	(6,893)	(23,520)
Net book amount	67,109	2,432	1,943	5,250	9,725	86,459

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2011 HK$'000	2010 HK$'000
Land	74,988	56,234
Buildings	36,101	10,875
	111,089	67,109

The carrying amounts of land are analysed as follows:

	2011 HK$'000	2010 HK$'000
In Hong Kong, held under long-term leases (over 50 years)	69,841	52,737
In the PRC, held under long-term leases (over 50 years)	5,147	3,497
	74,988	56,234

Property, plant and equipment with carrying amounts of approximately HK$79,570,000 (2010: HK$62,579,000) have been pledged as collaterals for bank borrowings (Note 27(a)).

15 INVESTMENT PROPERTIES

	2011 HK$'000	2010 HK$'000
At beginning of the year	970,829	936,739
Transfer to land and buildings	(21,000)	(3,350)
Additions	1,516	—
Fair value gain	55,844	37,440
At end of the year	1,007,189	970,829

The investment properties were revalued at 31 December 2011 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.

The carrying amounts of investment properties are analysed as follows:

	2011 HK$'000	2010 HK$'000
In Hong Kong, held under long-term leases (over 50 years)	1,007,189	970,829

Investment properties with carrying amounts of approximately HK$982,600,000 (2010: HK$970,829,000) have been pledged as collaterals for bank borrowings (Note 27(a)).

16 GOODWILL

Goodwill arising from acquisitions of subsidiaries are as follows:

	2011	2010
	HK$'000	HK$'000
At beginning of the year	**11,712**	11,365
Exchange differences	**387**	347
Write off on recognition of revenue from property sale	**(2,298)**	—
At end of the year	**9,801**	11,712

Impairment test for goodwill

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

	2011	2010
	HK$'000	HK$'000
CGU:		
Specialised construction	**9,801**	9,336
Real estate development	**—**	2,376
	9,801	11,712

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.

	2011	2010
Estimated growth rate	**5.00%**	5.00%
Discount rate	**6.56%**	5.81%

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

	2011 HK$'000	2010 HK$'000
Unlisted share investments, at cost	**695,296**	695,296
Less: provision for impairment	**(695,296)**	(584,811)
	—	110,485
Amount due from a subsidiary (note)	**2,637,329**	2,637,329
	2,637,329	2,747,814

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) Loans to subsidiaries

	2011 HK$'000	2010 HK$'000
Loans to subsidiaries	**—**	47,800
Less: provision for impairment	**—**	(47,800)
	—	—

Loans to subsidiaries are non-interest bearing, unsecured and repayable on demand.

(c) Amounts due from/to subsidiaries

	2011 HK$'000	2010 HK$'000
Amounts due from subsidiaries	**4,190,029**	2,226,840
Less: provision for impairment	**(273,023)**	(254,130)
	3,917,006	1,972,710
Amounts due to subsidiaries	**2,002,875**	343,438

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

17 SUBSIDIARIES (CONTINUED)

(d) List of principal subsidiaries as at 31 December 2011:

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	RMB382,013,150	—	65	Real estate development
Bright Circle Limited	Hong Kong	10,000 shares of HK$1 each	—	100	Property investment
龍建（南京）置業有限公司 (Dragon Construction (Nanjing) Properties Co., Ltd.) (note (ii))	PRC	US$6,600,000	—	71	Real estate development
Eastrend (Hong Kong) Limited	Hong Kong	2 shares of HK$1 each	—	100	Property investment
Full Pacific Limited	Hong Kong	2 shares of HK$1 each	—	100	Property investment
Great Way Properties Limited	Hong Kong/PRC	2 shares of HK$1 each	—	100	Property investment
湖南中潤城鎮置業有限公司 (Hunan Zhongrun Chengzhen Real Estate Co., Ltd.) (note (ii))	PRC	RMB10,000,000	—	100	Real estate development
廊坊曠世基業房地產開發有限公司 (Langfang Kuangshi Jiye Property Development Co., Ltd. "Kuangshi Jiye") (note (iii) & (iv))	PRC	USD55,000,000	—	50	Real estate development
Linkcheer Limited	Hong Kong	2 shares of HK$1 each	—	100	Property investment
Luck Achieve Limited	British Virgin Islands/ Hong Kong	2 shares of US$1 each	—	100	Securities Investment
Minmetals Condo (Hong Kong) Engineering Company Limited	Hong Kong	1 share of HK$1	—	100	Design and installation of curtain walls

17 SUBSIDIARIES (CONTINUED)

(d) List of principal subsidiaries as at 31 December 2011: (Continued)

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

17 SUBSIDIARIES (CONTINUED)

(d) List of principal subsidiaries as at 31 December 2011: (Continued)

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered and paid up capital (note (i))	Percentage of equity interest: Directly held by the Company	Percentage of equity interest: Indirectly held by the Company	Principal activity
Oriental Dragon Construction Limited	Hong Kong/Hong Kong and PRC	10,000 shares of HK$1 each	—	71	Investment holding
五礦瑞和（上海）建設有限公司 (Minmetals Condo (Shanghai) Construction Co., Ltd. (Formerly known as 上海金橋瑞和裝飾工程有限公司 (Shanghai Jin Qiao Condo Decoration Engineering 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 2011.

(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

	2011 HK$'000	2010 HK$'000
At beginning of the year	**200,490**	—
Exchange differences	**13,233**	—
Investments in associated companies	**42,562**	203,426
Share of losses	**(20,426)**	(2,936)
At end of the year	**235,859**	200,490

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	465,750	(51,677)	—	33,987	50%
北京五礦萬科置業有限公司 (Beijing Minmetals Vanke Real Estate Co., Ltd) (note (i) & (ii))	PRC	2,238,164	(2,183,379)	—	6,732	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 representation in the board of directors.

(b) Loan to an associated company

	2011 HK$'000	2010 HK$'000
Loan to an associated company	**962,500**	—

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

19 INVENTORIES

	2011 HK$'000	2010 HK$'000
Properties held for sale — located in the PRC	**2,337,878**	463,042
Properties under development — located in the PRC (a)	**5,154,680**	5,382,197
	7,492,558	5,845,239

(a) Properties under development

	2011 HK$'000	2010 HK$'000
Land use rights	**3,665,664**	3,774,321
Construction costs	**1,489,016**	1,607,876
	5,154,680	5,382,197

As at 31 December 2011, properties under development with carrying amounts of approximately HK$840,210,000 (2010: HK$943,768,000) have been pledged as collaterals for bank borrowings (Note 27(a)).

20 CONSTRUCTION CONTRACTS IN PROGRESS

	2011 HK$'000	2010 HK$'000
Contract costs incurred plus recognised profits less recognised losses	**1,232,259**	729,572
Less: progress billings	**(1,223,115)**	(728,321)
Gross amounts due from customers for contract work	**9,144**	1,251

21 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

The Group

	2011 HK$'000	2010 HK$'000
Trade and contract receivables, net (b)	445,021	371,965
Retention receivables	68,206	63,248
Deposits	44,006	31,863
Prepayments (c)	278,957	279,104
Prepayment for land cost (d)	2,459,973	3,608,870
Amount due from an associated company (e)	49,340	—
Guarantee deposit	138,152	—
Others	76,062	54,418
	3,559,717	4,409,468

The Company

	2011 HK$'000	2010 HK$'000
Deposits	68	130
Prepayments	810	507
Others	230	258
	1,108	895

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

The Group

	2011 HK$'000	2010 HK$'000
Hong Kong dollar	237,488	53,935
RMB	3,322,229	4,355,533
	3,559,717	4,409,468

The Company

	2011 HK$'000	2010 HK$'000
Hong Kong dollar	1,108	895

21 PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)

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

The Group

	2011 HK$'000	2010 HK$'000
0 to 90 days	**213,111**	209,375
91 to 180 days	**71,927**	17,220
181 days to 1 year	**32,402**	52,517
1 year to 2 years	**67,249**	48,230
Over 2 years	**65,218**	45,868
	449,907	373,210
Less: provision for impairment	**(4,886)**	(1,245)
	445,021	371,965

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

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

Trade and contract receivables that are less than one year past due are generally not considered impaired. Trade and contract receivables of HK$228,333,000 (2010: HK$236,628,000) 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:

	2011 HK$'000	2010 HK$'000
Past due days		
1 to 90 days	**151,189**	166,376
91 to 180 days	**18,382**	11,921
181 days to 1 year	**7,678**	15,583
1 year to 2 years	**20,720**	31,292
Over 2 years	**30,364**	11,456
	228,333	236,628

21 PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and contract receivables of HK$4,886,000 (2010: HK$1,245,000) 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:

	2011	2010
	HK$'000	HK$'000
Past due days		
Over 2 years	**4,886**	1,245

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

	2011	2010
	HK$'000	HK$'000
At beginning of the year	**1,245**	1,205
Exchange differences	**143**	40
Provision for impairment	**3,498**	—
At end of the year	**4,886**	1,245

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

(c) As at 31 December 2011, prepayments include prepaid taxes and other charges of approximately HK$143,364,000 (2010: HK$243,566,000) in relation to the deferred revenue received.

(d) As at 31 December 2011, prepayment for land cost represents payment to the PRC Bureau of Land and Resources for the acquisition of land in the PRC and the amount will be recognised as inventory upon issuance of Land Use Rights Certificates.

(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 AVAILABLE-FOR-SALE FINANCIAL ASSETS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2010 HK$'000
Available-for-sale financial assets	
— listed equity securities in Hong Kong	
At beginning of the year	631,488
Fair value loss	(92,188)
At end of the year	539,300

As at 1 January 2011, the balance of available-for-sale financial assets was transferred to financial assets at fair value through other comprehensive income due to the early adoption of HKFRS 9.

	2011 **HK$'000**
Financial assets at fair value through other comprehensive income	
— listed equity securities in Hong Kong	
At beginning of the year	**—**
Transfer from available-for-sale financial assets	**539,300**
Fair value loss recognised in other comprehensive income	**(193,595)**
At end of the year	**345,705**

As at 31 December 2011 and 2010, 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 1 January 2011, 31 December 2011 and 2010.

23 CASH AND BANK DEPOSITS, RESTRICTED

The Group

	2011 **HK$'000**	2010 HK$'000
Restricted cash	**163,513**	113,075

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

	2011 HK$'000	2010 HK$'000
Cash at banks	**2,305,265**	1,511,864
Short-term deposits	**552,820**	1,737,837
Cash on hand	**462**	149
Cash and bank deposits	**2,858,547**	3,249,850

Short-term deposits mature in approximately 43 days (2010: 21 days) from the balance sheet date. As at 31 December 2011, the weighted average effective interest rate was 1.48% (2010: 0.83%) per annum.

The Company

	2011 HK$'000	2010 HK$'000
Cash at banks	**1,003**	797
Short-term deposits	**337,555**	689,872
Cash on hand	**16**	17
Cash and bank deposits	**338,574**	690,686

Short-term deposits mature in approximately 41 days (2010: 19 days) from the balance sheet date. As at 31 December 2011, the weighted average effective interest rate was 1.53% (2010: 0.78%) per annum.

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

The Group

	2011 HK$'000	2010 HK$'000
Hong Kong dollar	**620,760**	1,717,843
RMB	**2,012,795**	1,420,215
US dollar	**224,986**	111,782
Other currencies	**6**	10
	2,858,547	3,249,850

24 CASH AND BANK DEPOSITS, UNRESTRICTED (CONTINUED)

The Company

	2011 HK$'000	2010 HK$'000
Hong Kong dollar	**338,559**	690,667
US dollar	**3**	9
Other currencies	**12**	10
	338,574	690,686

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

25 SHARE CAPITAL

	2011 No. of shares ('000)	2011 Amount HK$'000	2010 No. of shares ('000)	2010 Amount HK$'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	**3,335,337**	**333,534**	2,732,787	273,279
Issue of shares as consideration for acquisition of subsidiaries and non-controlling interest in a subsidiary (note (i))	**—**	**—**	601,293	60,129
Exercise of share options	**2,482**	**248**	1,257	126
Balance at end of the year	**3,337,819**	**333,782**	3,335,337	333,534

Notes:

(i) During the year ended 31 December 2010, the Company issued 601,293,059 ordinary shares of HK$0.1 each at HK$1.57 per share for the acquisition of subsidiaries and non-controlling interest in a subsidiary.

25 SHARE CAPITAL (CONTINUED)

(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 2011 HK$	Exercise price 2010 HK$	Number of share options 2011 ('000)	Number of share options 2010 ('000)
Directors	1 December 2010 to 30 November 2018	**0.45**	0.45	**4,680**	6,687
Employees and others	1 December 2010 to 30 November 2018	**0.45**	0.45	**6,721**	7,277
				11,401	13,964

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.

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

	2011 Number of share options ('000)	2010 Number of share options ('000)
At beginning of the year	**13,964**	15,334
Lapsed	**(81)**	(113)
Exercised	**(2,482)**	(1,257)
At end of the year	**11,401**	13,964

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$'000	Other reserves (note (b)) HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1 January 2010	3,382,478	600,412	769	1,729	73,751	—	1,314	—	51,264	34,662	4,146,379
Issue of shares	884,340	—	—	—	—	—	—	—	—	—	884,340
Employee share option benefits	—	—	—	1,544	—	—	—	—	—	—	1,544
Fair value loss on available-for-sale financial assets	—	—	—	—	(92,188)	—	—	—	—	—	(92,188)
Acquisition of non-controlling interest in a subsidiary	—	—	—	—	—	—	—	65,348	—	—	65,348
Currency translation adjustments	—	—	—	—	—	—	—	—	57,000	—	57,000
Profit for the year	—	—	—	—	—	—	—	—	—	526,913	526,913
Balance at 31 December 2010	4,266,818	600,412	769	3,273	(18,437)	—	1,314	65,348	108,264	561,575	5,589,336
Effect of changes in accounting policy for classification and measurement of financial assets											
— 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	—	—	—	—	—	—	—	—	—	610,424	610,424
Balance at 31 December 2011	4,267,687	598,783	769	4,149	—	(212,032)	1,314	65,348	305,661	1,138,624	6,170,303

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 2010	3,382,478	575,220	769	1,729	(151,239)	3,808,957
Issue of shares	884,340	—	—	—	—	884,340
Employee share option benefits	—	—	—	1,544	—	1,544
Profit for the year	—	—	—	—	24,047	24,047
Balance at 31 December 2010	**4,266,818**	**575,220**	**769**	**3,273**	**(127,192)**	**4,718,888**
Issue of shares	**869**	—	—	—	—	**869**
Employee share option benefits	—	—	—	**876**	—	**876**
2010 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**

(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 a 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) On 20 December 2010, the Group completed the acquisition of the remaining 49% of the issued share capital of Minmetals Land (Hunan) Jiahe Risheng Real Estate Development Co., Ltd ("Jiahe Risheng") from a wholly-owned subsidiary of China Minmetals H.K. (Holdings) Limited, the Company's intermediate holding company, for a consideration of HK$204,690,000 which is satisfied by the issue of 130,375,839 ordinary shares of the Company. The carrying amount of the non-controlling interest in Jiahe Risheng on the date of acquisition is HK$270,038,000. As a result, the Group recognised an increase in equity attributable to owners of HK$65,348,000.

(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 2011, amounting to approximately HK$84,191,000, was included in retained earnings at 31 December 2011.

27 BORROWINGS

	2011 HK$'000	2010 HK$'000
Non-current		
Bank borrowings, secured (a)	**2,459,123**	571,704
Current		
Bank borrowings, secured (a)	**240,717**	425,000
Loans from non-controlling shareholders of subsidiaries, unsecured (Note 34)	**—**	417,786
Loans from a fellow subsidiary, unsecured (Note 34)	**2,532,379**	2,650,240
	2,773,096	3,493,026
	5,232,219	4,064,730

(a) Banking facilities

The Group's aggregate banking facilities, including bank borrowings, as at 31 December 2011 amounted to approximately HK$6,509,022,000 (2010: HK$1,628,047,000), of which approximately HK$3,665,200,000 (2010: HK$595,519,000) was unutilised. As at 31 December 2011, the assets pledged by the Group as collaterals for the banking facilities are as follows:

(i) Investment properties with carrying amounts of approximately HK$982,600,000 (2010: HK$970,829,000);

(ii) Land and buildings with carrying amounts of approximately HK$79,570,000 (2010: HK$62,579,000);

(iii) Properties under development with carrying amounts of approximately HK$840,210,000 (2010: HK$943,768,000); and

(iv) corporate guarantees given by the Company.

27 BORROWINGS (CONTINUED)

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

	2011 HK$'000	2010 HK$'000
Bank borrowings		
Within one year	240,717	425,000
In the second to fifth year	2,459,123	571,704
	2,699,840	996,704
Loans from non-controlling shareholders of subsidiaries		
Within one year	—	417,786
Loans from a fellow subsidiary		
Within one year	2,532,379	2,650,240

(c) Borrowings of HK$5,232,219,000 (2010: HK$3,656,346,000) are on a floating interest rate basis. The effective interest rates at the balance sheet dates were as follows:

	2011		2010	
	HK$	RMB	HK$	RMB
Non-current				
Bank borrowings	2.98%	6.13%	2.24%	5.57%
Current				
Bank borrowings	2.62%	6.78%	1.77%	—
Loans from non-controlling shareholders of subsidiaries	—	—	—	5.81%
Loans from a fellow subsidiary	—	6.71%	—	5.89%

As at 31 December 2010, borrowings of HK$408,384,000 are loans from a non-controlling shareholder of a subsidiary, which are interest free.

(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 2011 ranged from 2.48% to 7.02% (2010: 1.04% to 5.91%) per annum.

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

	2011 HK$'000	2010 HK$'000
Hong Kong dollar	2,247,761	940,884
RMB	2,984,458	3,123,846
	5,232,219	4,064,730

28 DEFERRED TAX

	2011 HK$'000	2010 HK$'000
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	93,342	102,175
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after 12 months	(95,088)	(52,768)
Deferred tax liabilities to be recovered within 12 months	(55,944)	(166,518)
	(151,032)	(219,286)
	(57,690)	(117,111)

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

	2011 HK$'000	2010 HK$'000
Tax losses		
At beginning of the year	11,056	—
Exchange differences	283	—
Acquisition of subsidiaries	—	2,937
Recognised in the consolidated income statement	(11,339)	8,119
At end of the year	—	11,056
Timing difference on cost recognition		
At beginning of the year	91,119	7,132
Exchange differences	4,468	901
Acquisition of subsidiaries	—	53,216
Recognised in the consolidated income statement	(2,245)	29,870
At end of the year	93,342	91,119

28 DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	2011 HK$'000	2010 HK$'000
Fair value gain		
At beginning of the year	**214,865**	123
Exchange differences	**10,840**	—
Acquisition of subsidiaries	**—**	213,914
Recognised in the consolidated income statement	**(80,347)**	828
At end of the year	**145,358**	214,865
Accelerated tax depreciation		
At beginning of the year	**4,421**	6,946
Recognised in the consolidated income statement	**1,253**	(2,525)
At end of the year	**5,674**	4,421

Deferred tax liabilities of HK$59,668,000 (2010: HK$18,594,000) 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 2011, the Group had unrecognised tax losses in Hong Kong of approximately HK$160,359,000 (2010: HK$126,492,000), which can be carried forward against future taxable income and have no expiry date. As at 31 December 2011, the Group had unrecognised tax losses in the PRC of approximately HK$133,816,000 (2010: HK$26,839,000) which will expire by at various dates up to and including 2016.

29 TRADE AND OTHER PAYABLES

The Group

	2011 HK$'000	2010 HK$'000
Trade, bills and contract payables (b)	**705,331**	434,402
Retention payables	**55,244**	62,303
Accruals and other payables	**1,963,935**	1,171,568
Rental deposits received	**14,305**	11,967
Amounts due to non-controlling shareholders of subsidiaries (Note 34)	**55,408**	482,907
	2,794,223	2,163,147

The Company

	2011 HK$'000	2010 HK$'000
Accruals and other payables	**31,117**	16,245

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

The Group

	2011 HK$'000	2010 HK$'000
Hong Kong dollar	**128,614**	137,785
RMB	**2,665,609**	2,025,362
	2,794,223	2,163,147

The Company

	2011 HK$'000	2010 HK$'000
Hong Kong dollar	**31,117**	16,245

29 TRADE AND OTHER PAYABLES (CONTINUED)

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

	2011 HK$'000	2010 HK$'000
0 to 90 days	**407,430**	110,182
91 to 180 days	**55,907**	8,732
181 days to 1 year	**30,489**	30,189
1 year to 2 years	**50,183**	224,953
Over 2 years	**161,322**	60,346
	705,331	434,402

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$1,000 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

(a) Reconciliation of profit before tax to cash generated from/(used in) operations

	2011 HK$'000	2010 HK$'000
Profit before tax	1,412,665	818,327
Interest income	(79,591)	(14,111)
Interest expense	31,119	1,867
Depreciation	7,492	3,921
Fair value gain on investment properties	(55,844)	(37,440)
Loss on disposal of property, plant and equipment	1,545	3,049
Share option benefits	876	1,544
Provision for impairment of trade receivables	3,498	—
Excess of the fair value of net assets acquired over the cost of acquisition	—	(332,280)
Write off of goodwill on recognition of revenue from property sale	2,298	—
Share of results of associated companies	20,426	2,936
Operating profit before working capital changes	1,344,484	447,813
Increase in inventories	(1,464,960)	(732,473)
Decrease/(increase) in trade and other receivables	745,908	(3,659,299)
(Increase)/decrease in gross amounts due from customers for contract work	(7,893)	1,725
Increase/(decrease) in trade and other payables	631,076	(595,352)
(Decrease)/increase in deferred revenue	(1,282,283)	2,557,545
Increase in other liabilities	36	458
Exchange adjustments	234,638	89,260
Cash generated from/(used in) operations	201,006	(1,890,323)

31 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Acquisition of subsidiaries

(i) Business combination

In November 2009, the Group entered into an agreement with a wholly-owned subsidiary of China Minmetals H.K. (Holdings) Limited, the Group's intermediate holding company, to acquire 100% equity interest in Brilliant Gain Investments Limited ("Brilliant Gain") and Global Adventure Investments Limited ("Global Adventure") by issuing 470,917,220 ordinary shares of the Company. The acquisition was completed on 20 December 2010.

Brilliant Gain and Global Adventure are indirect holding companies of Minmetals Real Estate (Tianjin) Binhaixinqu Co., Ltd. and Hunan Zhongrun Chengzhen Real Estate Co., Ltd. which are principally engaged in real estate development in the PRC. The transaction has been accounted for as a business combination.

The fair values of identifiable assets acquired and liabilities assumed as at the date of completion are as follows:

	Brilliant Gain HK$'000	**Global Adventure** HK$'000	**Total** HK$'000
Net assets acquired			
Property, plant and equipment	2,701	560	3,261
Deferred tax assets	24,346	31,807	56,153
Inventories (note 1)	1,490,154	637,862	2,128,016
Trade and other receivables	233,549	66,951	300,500
Cash and bank deposits	359,777	468,647	828,424
Trade and other payables	(1,456,906)	(324,908)	(1,781,814)
Current tax payable	—	(58,624)	(58,624)
Borrowings	—	(190,382)	(190,382)
Deferred tax liabilities (note 1)	(179,361)	(34,553)	(213,914)
Total identifiable net assets	474,260	597,360	1,071,620
Excess of the fair value of net assets acquired over the cost of acquisition (note 2)	(152,748)	(179,532)	(332,280)
Total consideration satisfied by allotment of shares	321,512	417,828	739,340

31 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Acquisition of subsidiaries (Continued)

(i) Business combination (Continued)

Notes:

(1) The fair value adjustment arising from valuation of inventories and related deferred tax liabilities are HK$612,092,000 and HK$213,914,000 respectively.

(2) Excess of the fair value of net assets acquired over the cost of acquisition of HK$332,280,000 is primarily attributable to the decrease in quoted market price of the Company's shares issued as consideration from the date of signing the sale and purchase agreement to the date of completion of the acquisition.

(3) Transaction costs of HK$7,175,000 have been charged to the consolidated income statement.

(ii) Acquisition of assets

On 27 December 2010, the Group acquired 65% equity interest in Boluo County Bihua Property Development Company Limited ("Boluo Bihua") for a cash consideration of HK$140,673,000. Boluo Bihua holds a piece of land in the PRC. The transaction has been accounted for as acquisition of assets.

The carrying amounts of assets and liabilities as of the completion date are as follows:

	Boluo Bihua HK$'000
Net assets acquired	
Property, plant and equipment	228
Inventories	548,862
Trade and other receivables	385
Cash and bank deposits	3,120
Trade and other payables	(411,810)
Non-controlling interests	(112)
	140,673
Cash paid as at 31 December 2010	81,907
Outstanding payment included in other payables	58,766
Total cash consideration	140,673

31 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Acquisition of subsidiaries (Continued)

(iii) Analysis of the net cash inflow in respect of the acquisition of subsidiaries:

	2010 HK$'000
Cash and bank deposits acquired	831,544
Less: cash consideration paid	(81,907)
Net cash inflow in respect of the acquisition of subsidiaries	749,637

32 FINANCIAL GUARANTEES

As at 31 December 2011, guarantees given to banks for mortgage facilities granted to certain buyers of the Group's properties amounted to HK$1,972,884,000 (2010: HK$1,305,545,000). Such guarantees will terminate upon the earlier of (i) issuance of the property ownership certificate; 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 2011, the Company had executed corporate guarantees amounting to approximately HK$5,090,495,000 (2010: HK$587,995,000) to various banks in respect of banking facilities extended to subsidiaries. At 31 December 2011, the utilised facilities, under which corporate guarantees from the Company were given, amounted to approximately HK$2,335,084,000 (2010: HK$546,144,000).

33 COMMITMENTS

(a) The Group had capital commitments as follows:

	2011 HK$'000	2010 HK$'000
Contracted but not provided for		
Purchase consideration for further acquisition of additional interest in a subsidiary	**173,108**	164,926

As at 31 December 2011, the Company did not have any outstanding capital commitments (2010: Nil).

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

	2011 HK$'000	2010 HK$'000
Not later than one year	**9,698**	7,167
Later than one year but not later than five years	**7,238**	11,456
	16,936	18,623

As at 31 December 2011, the Company did not have any operating lease commitments (2010: 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:

	2011 HK$'000	2010 HK$'000
Not later than one year	**51,717**	47,032
Later than one year but not later than five years	**83,683**	62,948
Later than five years	**24,583**	30,259
	159,983	140,239

As at 31 December 2011, the Company did not have any future lease receipts (2010: 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

	2011 HK$'000	2010 HK$'000
Specialised construction costs to a fellow subsidiary (note (i))	36,084	59,134
Construction costs to fellow subsidiaries for real estate development projects (note (ii))	729,544	163,833
Rental income from fellow subsidiaries (note (iii))	5,179	5,625
Loan interest income from an associated company (note (vii))	45,083	—
Loan interest income from a non-controlling shareholder of a subsidiary (note (viii))	5,223	—
Loan interest expense to a non-controlling shareholder of a subsidiary (note (iv))	—	10,224
Loan interest expense to a fellow subsidiary (note (v))	181,530	1,961

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	2011 HK$'000	2010 HK$'000
Specialised construction costs payable to a fellow subsidiary (note (i))	43,386	24,954
Contract payable to fellow subsidiaries for real estate development projects (note (ii))	13,459	80,504
Loans from non-controlling shareholders of subsidiaries (note (iv))	—	417,786
Loans from a fellow subsidiary (note (v))	2,532,379	2,650,240
Amounts due to non-controlling shareholders of subsidiaries (note (vi))	55,408	482,907
Loan to an associated company (note (vii))	962,500	—
Loan to a non-controlling shareholder of a subsidiary (note (viii))	156,655	—

(c) Key management compensation

	2011 HK$'000	2010 HK$'000
Salaries and short-term employee benefits	11,655	10,870
Pension costs — defined contribution plans	288	272
Share option benefits	360	801
	12,303	11,943

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation (Continued)

Notes:

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

(ii) Construction costs to fellow subsidiaries of the Company 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) For 2010, HK$408,384,000 was unsecured, non-interest bearing and with no fixed repayment terms. The remaining balance was unsecured, with no fixed repayment terms and bearing interest at the benchmark interest rate for a 1 year short-term loan quoted by the People's Bank of China per annum. The loans were fully settled in 2011.

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

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

(vii) The loan to an associated company are unsecured, bearing interest at 15% 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.

(viii) The loan to a non-controlling shareholder of a subsidiary is 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.

Five-Year Financial Summary

	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000
Results					
Revenue	**5,329,279**	1,658,811	1,244,156	1,166,307	365,314
Operating profit	**1,384,619**	809,019	213,974	182,894	151,420
Finance income	**79,591**	14,111	13,316	17,238	8,580
Finance costs	**(31,119)**	(1,867)	(181)	(400)	(1,561)
Share of results of associated companies	**(20,426)**	(2,936)	—	—	—
Profit before tax	**1,412,665**	818,327	227,109	199,732	158,439
Tax charge	**(640,883)**	(209,565)	(71,676)	(70,948)	(229)
Profit for the year from continuing operations	**771,782**	608,762	155,433	128,784	158,210
(Loss)/profit for the year from discontinued operations	**—**	—	—	(475)	1,288
Profit for the year	**771,782**	608,762	155,433	128,309	159,498
Profit attributable to:					
Equity holders of the Company	**610,424**	526,913	128,927	140,864	162,653
Non-controlling interests	**161,358**	81,849	26,506	(12,555)	(3,155)
Assets and liabilities					
Non-current assets	**1,831,845**	1,910,965	1,664,858	984,641	370,503
Current assets	**15,202,634**	13,618,883	5,199,129	2,137,551	2,390,263
Total assets	**17,034,479**	15,529,848	6,863,987	3,122,192	2,760,766
Capital and reserves attributable to equity holders of the Company	**6,504,085**	5,922,870	4,419,658	1,582,060	878,090
Non-controlling interests	**746,400**	356,476	314,673	194,918	195,246
Total equity	**7,250,485**	6,279,346	4,734,331	1,776,978	1,073,336
Non-current liabilities	**2,610,761**	791,560	614,152	18,228	213,345
Current liabilities	**7,173,233**	8,458,942	1,515,504	1,326,986	1,474,085
Total liabilities	**9,783,994**	9,250,502	2,129,656	1,345,214	1,687,430
Total equity and liabilities	**17,034,479**	15,529,848	6,863,987	3,122,192	2,760,766

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 2012
"Board"	the board of directors of the Company
"Bye-laws"	the Bye-laws of the Company
"CG Code"	the Corporate Governance Code
"Cheerglory Traders"	Cheerglory Traders Limited
"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.
"DCPCL"	Dragon Construction (Nanjing) Properties Co., Ltd.
"Director(s)"	director(s) of the Company
"Eastern Master"	Eastern Master (HK) Limited
"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
"Industrial Park Property Co"	Minmetals (Yingkou) Industrial Park Real Estate Development 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
"Macau"	the Macao Special Administrative Region of the PRC
"Minmetals Capital"	Minmetals Capital (Hong Kong) 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
“NAV”	Net Asset Value
“Newglory”	Newglory International Limited
“OFL”	ONFEM Finance Limited
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi
“SFO”	Securities and Futures Ordinance
“Shareholder(s)”	the shareholder(s) of the Company
“Share(s)”	the ordinary share(s) of par value HK$0.1 each of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 29 May 2003
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Texion”	Texion Development Limited
“US$”	United States dollars
“Yingkou Industrial Park”	Minmetals (Yingkou) Industrial Park Development Co., Ltd.
“Yingkou Minmetals Grace Home”	Yingkou Minmetals Grace Home Property Management Co., Ltd.
“Zhongrun Chengzhen”	Hunan Zhongrun Chengzhen Real Estate Co., Ltd.
“%”	per cent

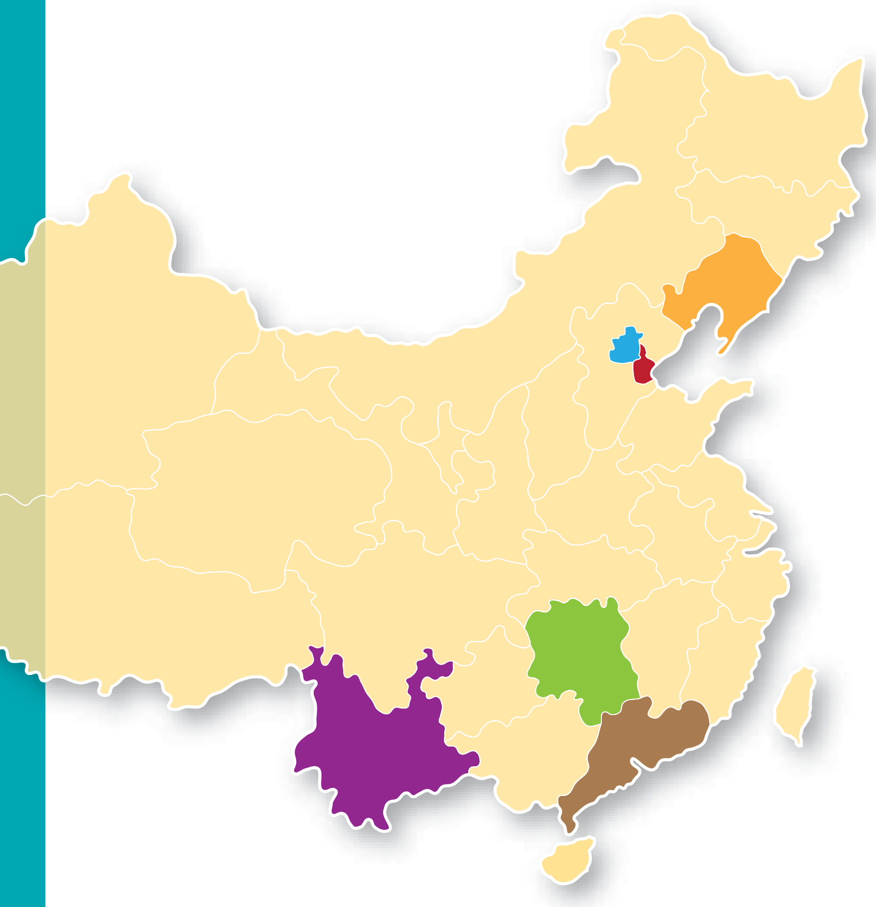
About China Minmetals Corporation

Founded in 1950, China Minmetals is one of the largest State-owned conglomerates that operates globally with core businesses in ferrous metals, non-ferrous metals, real estate, finance and logistics. The annual revenue of China Minmetals for 2011 is approximately RMB355.2 billion. It was selected by the US Fortune Magazine in 2011 as one of the world top 500 enterprises, ranking 228.

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 over 11.16 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% 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.

Projects under development of China Minmetals



Province/City	Attributable land area (sq.m.)	Total gross floor area (sq.m.)	Usage
Beijing	230,000	219,200	Residential
Yingkou City, Liaoning Province	30,000,000	N/A	Industrial and commercial
	216,200	348,000	Residential
Shenyang City, Liaoning Province	56,000	327,000	Residential
Tianjin	3,200,000	4,850,000	Residential
Changsha City, Xiangtan City and Zhuzhou City, Hunan Province	1,158,000	4,213,000	Residential
Kunming City, Yunnan Province	210,000	154,800	Residential
Shantou City, Guangdong Province	1,210,000	1,050,000	Complex

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