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

2013 Annual Report 年報

*For identification purpose only 僅供識別

About Us

Minmetals Land Limited is a subsidiary and the Hong Kong-listed real estate flagship of China Minmetals Corporation. It principally engages in real estate development and specialised construction businesses. Currently, the real estate development business of Minmetals Land Limited covers the Pan Bohai Rim, Yangtze River Delta, Central China and Pearl River Delta regions; while the specialised construction business that based in Shanghai and Hong Kong has coverage over fifty cities in the country.

Contents

Corporate Information

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

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

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

COMPANY SECRETARY
Ms. Chung Wing Yee

INDEPENDENT AUDITOR
Deloitte Touche Tohmatsu
35th Floor, One Pacific Place,
88 Queensway, Hong Kong

PRINCIPAL BANKERS
Agricultural Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communication Co., Ltd.
China CITIC Bank Corporation Limited
China Construction Bank Co., Ltd.
China Merchants Bank Co., Ltd.
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Lung Bank Limited

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

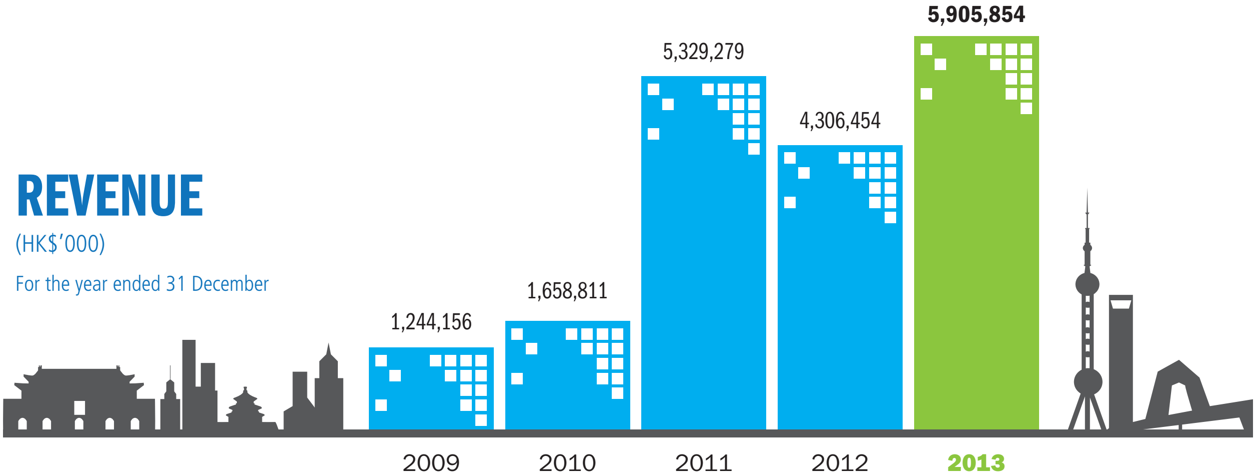
REGISTERED OFFICE
Canon's Court,
22 Victoria Street,
Hamilton HM 12,
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
18th Floor, China Minmetals Tower,
79 Chatham Road South, Tsimshatsui,
Kowloon, Hong Kong
Tel : 2613 6363
Fax : 2581 9823
Email : info@minmetalsland.com

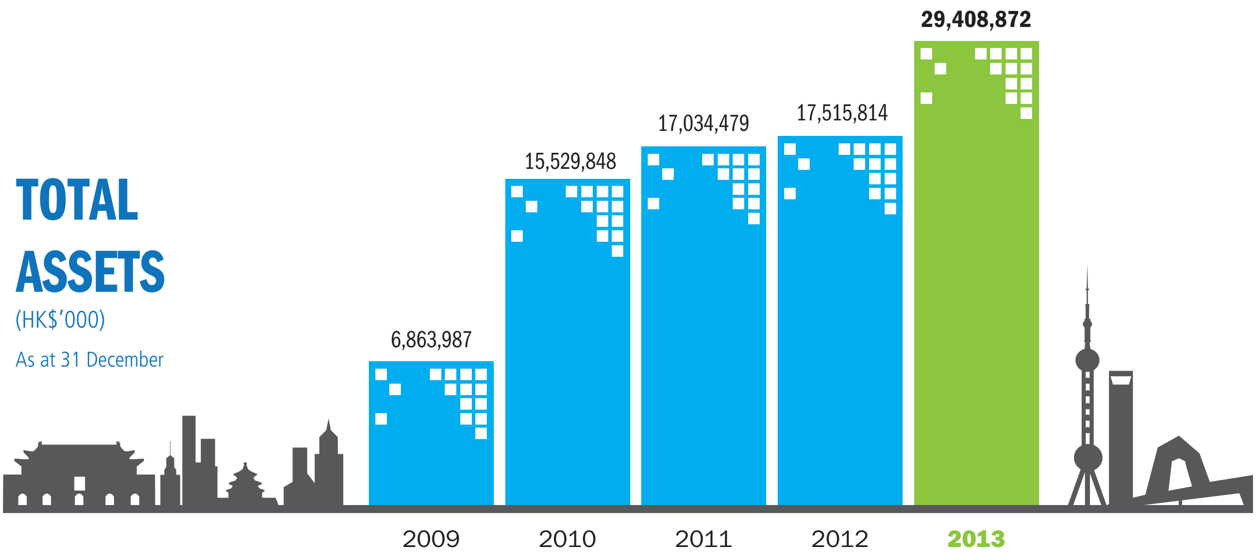
WEBSITE
http://www.minmetalsland.com

Financial Highlights

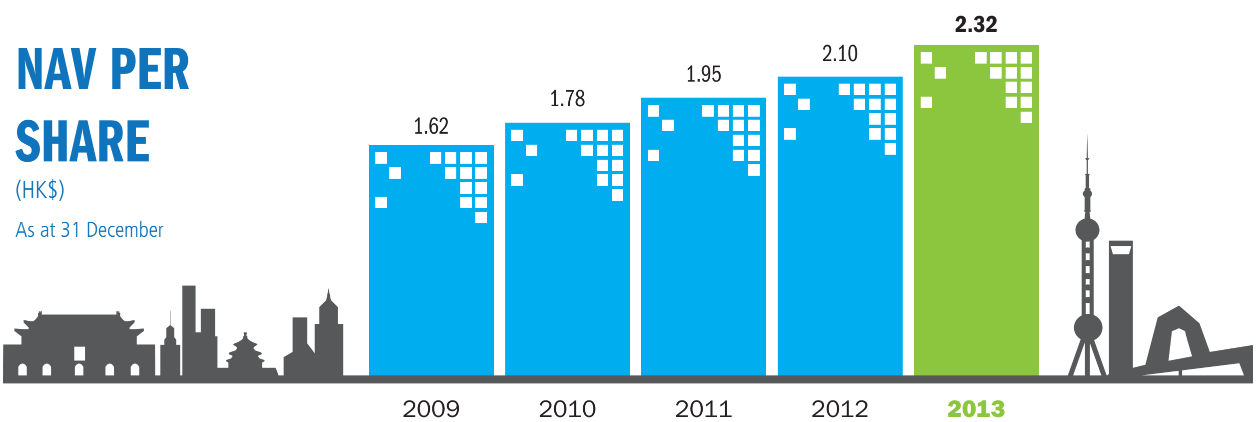
REVENUE
(HK$'000)
For the year ended 31 December



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



NAV PER SHARE
(HK$)
As at 31 December



2013 Event Highlights

March

- Acquisition of 136,000 sq.m. residential land in Hexi, Nanjing, Jiangsu Province and thus enhancing Minmetals Land's market position in Nanjing area
- Entering into strategic cooperation agreement between Minmetals Land and Wing Lung Bank for long-term, stable and mutually beneficial cooperative relationship

April

- Minmetals Land issued 5-year 5.5% guaranteed bonds and 10-year 6.5% guaranteed bonds, totalling US$350 million and thus providing financial resources for business development

June

- Entering into strategic cooperation agreement between Minmetals Land and Chongqing Liang Jiang New Area Management Committee that took a new step forward in cooperation with Chongqing Government

July

- Minmetals Land entered into HK$3.8 billion 3-year term loan agreement with Wing Lung Bank, as lead arranger, together with ten international and local financial institutions for additional working capital to the Group

August

- Mr. He Jianbo, Deputy Chairman & Managing Director of Minmetals Land, at the 2013 Boao Real Estate Forum. Minmetals Land was also awarded "China Real Estate Fashion Award — Most Innovative Real Estate Companies of China 2013"

November

- China Resources SZITIC Trust Co., Ltd. became a joint venture partner of the Grand Royale project in Nanjing, Jiangsu Province and accordingly adding RMB1.8 billion capital for project development

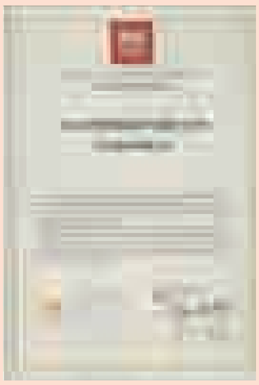
December

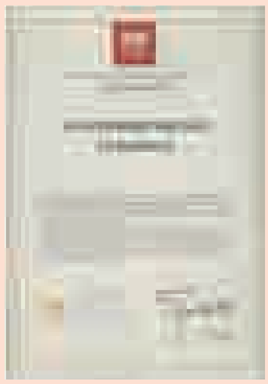
- Acquisition of 150,000 sq.m. mixed use land in Kaifu district of Changsha, Hunan Province and thus, consolidating Minmetals Land's sustainable development strategy in Changsha
- Minmetals Land entered into HK$5.3 billion 5-year term-loan agreement with Bank of China (Hong Kong) Limited, as lead arranger, together with ten international and local financial institutions for refinancing and working capital of the Group

Honours and Awards

REAL ESTATE DEVELOPMENT

- Minmetals Land was awarded the "Most Innovative Real Estate Companies of China 2013", "Top 100 Real Estate Enterprises of China 2013" and ranked 29th on "Top 30 Real Estate Listed Companies of China 2013"and 16th on "Real Estate Enterprises with Top Management Team 2013"
- Sello Royale, Nanjing achieved the top sales in Nanjing Property Villa 2013
- Hallstatt See, Huizhou achieved the top sales in Huizhou Property Villa 2013
- Platinum Bay, Yingkou achieved the top sales in Yingkou Property Villa 2013
- Minmetals International, Tianjin achieved the top sales in Tianjin Xiangluowan District 2013



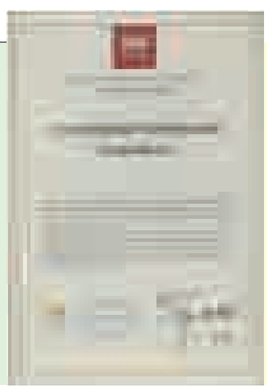


SPECIALISED CONSTRUCTION

- Condo Shanghai was awarded the "2012 — 2013 National Quality Engineering Award" and "2012 — 2013 China Construction Engineering Luban Award" in respect of its curtain wall construction for China Minmetals (Yingkou) Industrial Park and Tianjin Commercial and Cultural Centre respectively

PROPERTY MANAGEMENT

- Huizhou Grace Home was awarded the "2013 Ultimate Luxury Mansion Award" by Golden Key Properties Alliance



- Minmetals Land was honoured the "2013 International ARC Awards — Traditional Annual Report: Real Estate Development/Service"

Five-Year Financial Summary

	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000
Results					
Revenue	**5,905,854**	4,306,454	5,329,279	1,658,811	1,244,156
Operating profit	**1,014,809**	909,637	1,384,619	809,019	213,974
Finance income	**62,404**	91,271	79,591	14,111	13,316
Finance costs	**(107,213)**	(186,460)	(31,119)	(1,867)	(181)
Share of results of associated companies	**55,262**	(28,008)	(20,426)	(2,936)	—
Profit before tax	**1,025,262**	786,440	1,412,665	818,327	227,109
Tax charge	**(449,466)**	(356,932)	(640,758)	(209,029)	(71,186)
Profit for the year	**575,796**	429,508	771,907	609,298	155,923
Profit attributable to:					
Equity holders of the Company	**476,832**	273,804	610,549	527,449	129,417
Non-controlling interests	**98,964**	155,704	161,358	81,849	26,506
Assets and liabilities					
Non-current assets	**3,050,867**	2,904,977	1,831,845	1,910,965	1,664,858
Current assets	**26,358,005**	14,610,837	15,202,634	13,618,883	5,199,129
Total assets	**29,408,872**	17,515,814	17,034,479	15,529,848	6,863,987
Capital and reserves attributable to equity holders of the Company	**7,737,531**	7,005,111	6,505,651	5,924,311	4,420,562
Non-controlling interests	**3,606,661**	896,143	746,400	356,476	314,673
Total equity	**11,344,192**	7,901,254	7,252,051	6,280,787	4,735,235
Non-current liabilities	**8,837,741**	3,212,095	2,609,195	790,119	613,248
Current liabilities	**9,226,939**	6,402,465	7,173,233	8,458,942	1,515,504
Total liabilities	**18,064,680**	9,614,560	9,782,428	9,249,061	2,128,752
Total equity and liabilities	**29,408,872**	17,515,814	17,034,479	15,529,848	6,863,987

Group Properties

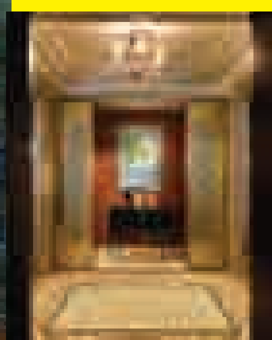
Group Properties

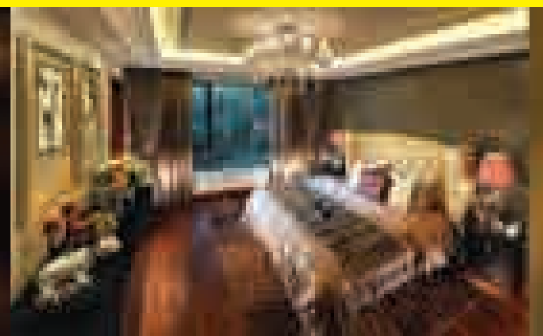
Real Estate Development Projects

北 Beijing 京

Fortune Garden

Fortune Garden is a residential development project located in Haidian District, Beijing with an aggregate planned GFA of approximately 413,000 square metres comprising apartment units.





Real Estate Development Projects

Platinum Bay

Platinum Bay is a residential development project located in Yingkou City, Liaoning Province with an aggregate planned GFA of approximately 504,000 square metres comprising villas and apartment units.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Yingkou
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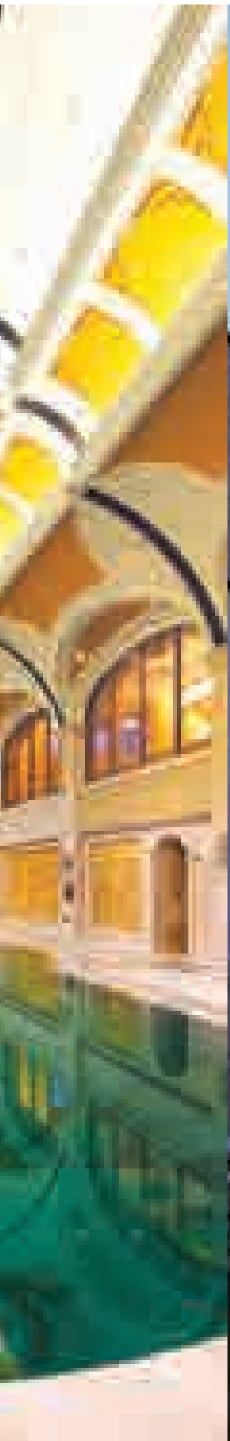


Group Properties

Real Estate Development Projects

Celebration City

Celebration City is a residential development project located in Langfang City, Hebei Province with an aggregate planned GFA of approximately 622,000 square metres.

Real Estate Development Projects

Minmetals International

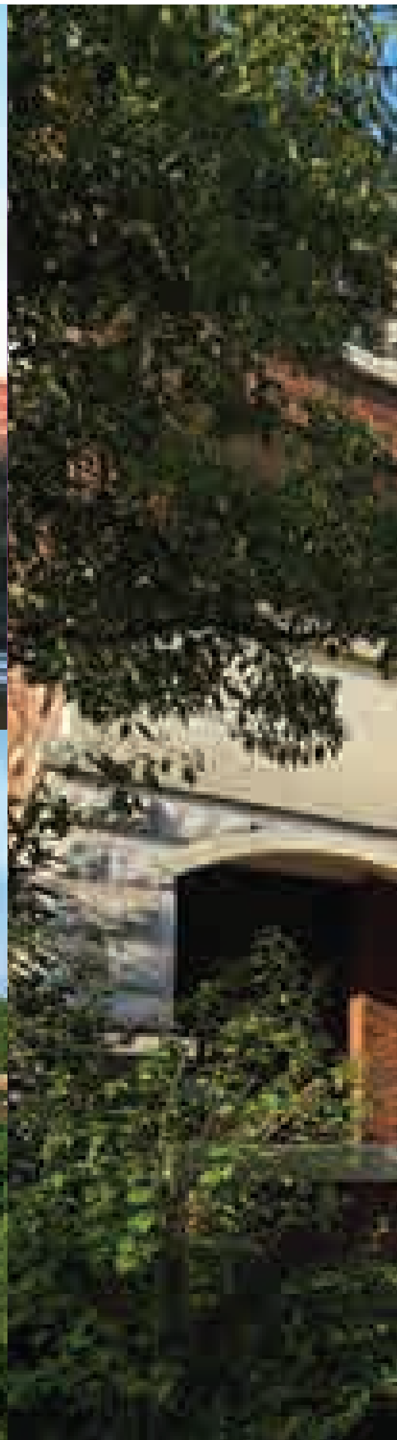
Minmetals International is a mixed commercial and residential development project located in Tianjin with an aggregate planned GFA of approximately 183,000 square metres.

天 Tianjin 津

Real Estate Development Projects

Laguna Bay

Laguna Bay is a residential development project located in Nanjing, Jiangsu Province with an aggregate planned GFA of approximately 310,000 square metres comprising terrace houses, villas and apartment units.



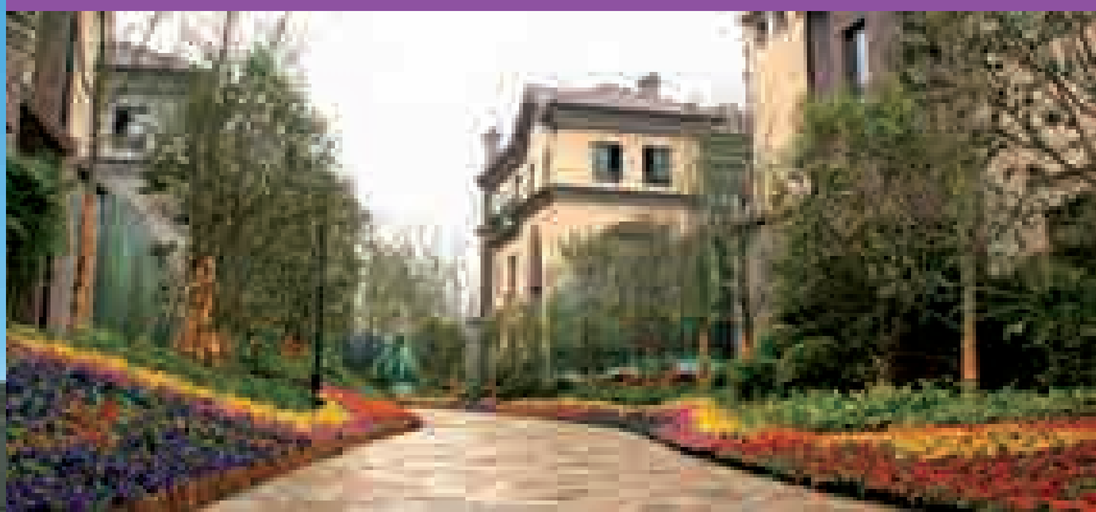
南京 Nanjing

Group Properties

Real Estate Development Projects

Riveria Royale

Riveria Royale is the Group's second residential development project in Nanjing, Jiangsu Province with an aggregate planned GFA of approximately 222,000 square metres comprising villas, apartments and LOFT units.

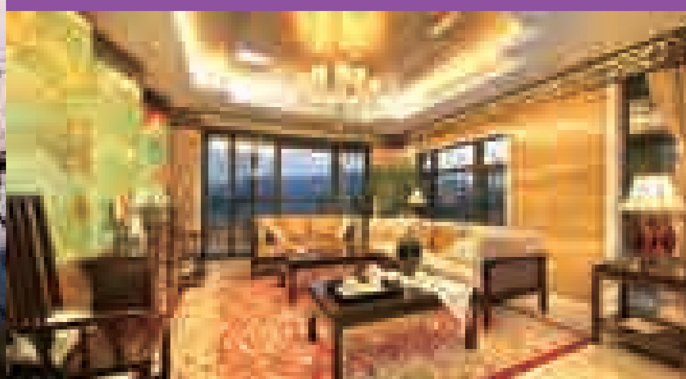


Real Estate Development Projects

南 Nanjing 京

Sello Royale

Sello Royale is the Group's third residential development project in Nanjing, Jiangsu Province with an aggregate planned GFA of approximately 268,000 square metres comprising villas and apartment units.



Grand Royale

Grand Royale is the Group's latest residential development project in Nanjing, Jiangsu Province with an aggregate planned GFA of approximately 487,000 square metres comprising apartment units.

南 Nanjing 京

Real Estate Development Projects

LOHAS International Community

LOHAS International Community is a large scale residential development project located in Changsha County, Hunan Province with an aggregate planned GFA of approximately 1,084,000 square metres comprising villas and apartment units.


長
Changsha
沙

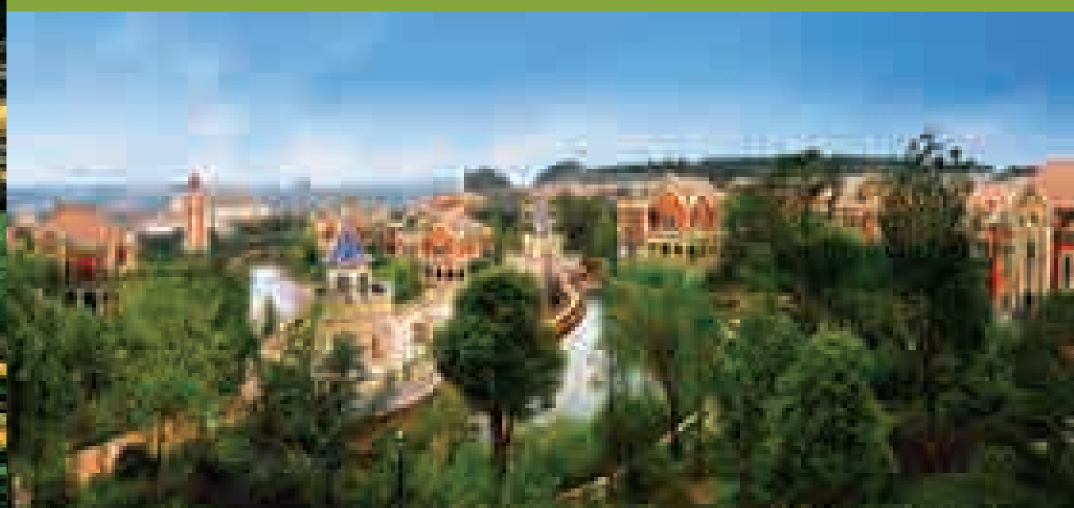
Group Properties

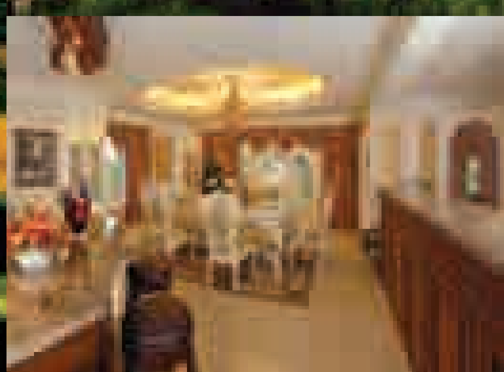
Real Estate Development Projects

長沙 Changsha

Scotland Town

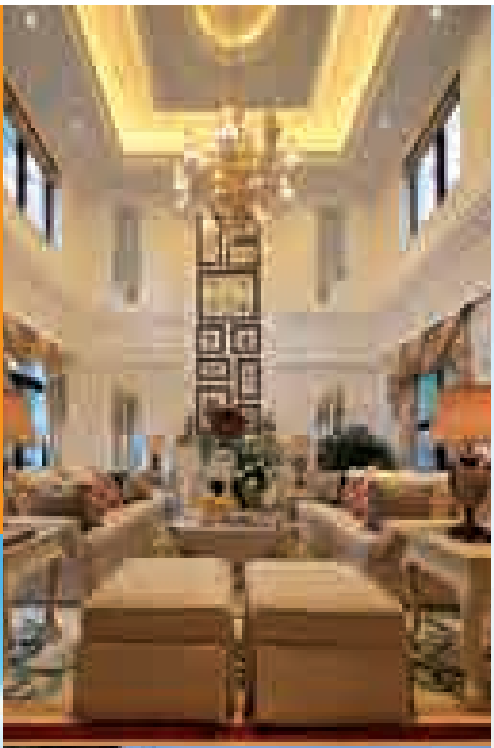
Scotland Town is a residential development project located in Changsha County, Hunan Province with an aggregate planned GFA of 440,000 square metres comprising villas and apartment units.

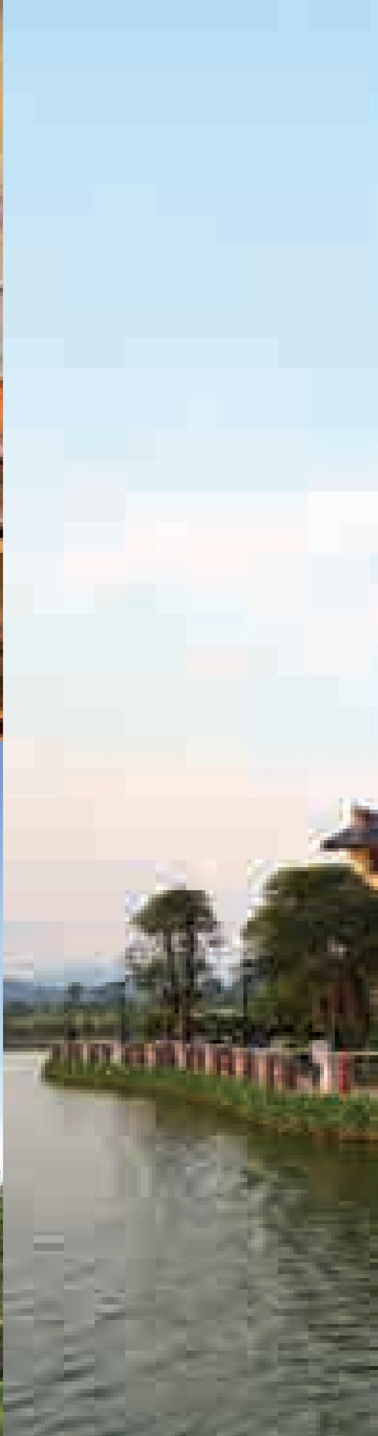




Hallstatt See

Hallstatt See is a residential development project located in Huizhou, Guangdong Province with an aggregate planned GFA of 1,154,000 square metres comprising villas and apartment units.






惠州
Huizhou

Major
Investment
Properties

China Minmetals Tower

China Minmetals Tower is a 20-storey office and commercial building located in Tsimshatsui in Kowloon.

香 Hong Kong 港

ONFEM Tower

ONFEM Tower is a 25-storey office and commercial building located in the Central District on the Hong Kong Island.

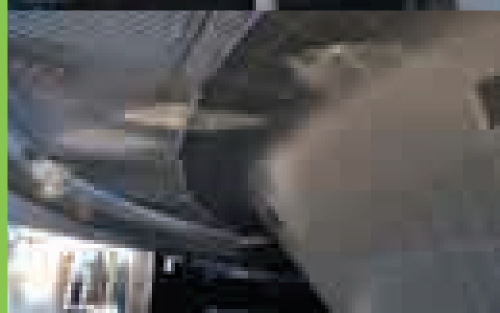
Specialised Construction

Condo Shanghai

Condo Shanghai, that based in Shanghai, is the operating arm of the specialised construction business of the Group in the PRC.

Condo Hong Kong

Condo Hong Kong, that based in Hong Kong, is the operating arm of the specialised construction business of the Group in Hong Kong.



Chairman's Statement

2013 was another year of continuing achievement for Minmetals Land in creating long term value to our Shareholders and stakeholders whilst contributing to the well-being of our communities. The Board has full confidence about the prospects for the Group and its own capabilities. With a clear land replenishment strategy, we will continue to pursue growth by leveraging the success and committed support of the controlling Shareholder to optimising regional coverage.

Sun Xiaomin
Chairman

Dear Shareholders,

The Group's financial results for 2013 were encouraging, as our recurrent businesses performing well and our growth strategy moved ahead. Our PRC real estate development operations achieved record pre-sold and delivery in terms of floor area, while our specialised construction business in Hong Kong and the PRC saw strong revenue increase. Our Hong Kong property investment business achieved steady rental revenues with high occupancy rate. In late 2013, we undertook a review of the Group's corporate strategy that not only re-affirmed the overall direction pursued in recent years, but added new impetus in our drive for sustainable growth in the coming years.

BUSINESS REVIEW

For the PRC real estate market, 2013 was a year full of challenges and opportunities. While the sector continued to weather the uncertainty in regulatory measures on one hand, strong residential housing demand had led to robust contracted sales and price momentum on the other, particularly in Tier 1 and 2 cities. Combined with strengthened developer's confidence over market sentiment and lower financing costs achieved through refinancing, we saw vigorous acquisitions in land market with higher transacted land prices in almost all Tier 1, 2 and 3 cities. In 2013, the Group achieved satisfactory growth in sales and profit amid the uncertainty and normalisation of austerity measures and highly competitive market condition. Boosted by a strong surge in contracted sales from our real estate development projects in Beijing, Nanjing and Changsha, total contracted sales increased by 20% to HK$7,645.6 million. The Group's consolidated revenue increased by 37.1% to HK$5,905.9 million while operating profit increased by 11.6% to HK$1,014.8 million with profit after tax, being all underlying profit before fair value gain on investment properties, increased by 10.9% to HK$406.4 million. Including fair value gain on investment properties, net profit attributable to equity holders of the Company increased by 74.2% to HK$476.8 million, representing earnings per Share of HK14.29 cents (2012: HK8.20 cents). The Board has proposed a final dividend of HK1.5 cents per Share, which is an increase of 50% when compared to last year.

PROSPECTS AND OUTLOOK

Industry Outlook

Looking into 2014, we expect the overall demand growth of PRC real estate sector to remain stable provided improving economic fundamentals, further urbanisation push by local governments and policy measures staying broadly unchanged. Revenue growth in the sector is likely to be volume driven, as a result of strong structural demand fueled by increasing urbanisation, increase in supply under the affordable housing scheme and lower gross profit margin resulting from higher land price and construction cost across the industry as a whole. We are not expecting to see similar property price appreciation in Tier 1 cities after witnessing an impressive increase in 2013. Prices in Tier 3 and 4 cities should be stable as inventory level in these cities remains relatively high and demand should be relatively price sensitive.

Policy Outlook

During the first half of 2013, uncertainty shrouded the PRC real estate market largely due to worries of the nationwide tightening policy, announcement of local measures and concerns on macroeconomic reforms. The discussion of Real Estate Tax was heated throughout the year after mentions on the build-up of a nationwide home ownership database. However, we expect the potential impact will be less substantial and direct, unlike home purchase restriction or credit tightening. It is interesting to note that the recent diverging policy changes in a few Tier 2 and 3 cities demonstrated new government administration's inclination towards a 'bottom-up' approach, allowing more delegation of property policies to the local government level, hinting that future policy making will be more market oriented and tailor-made. Finally, the detailed Third Plenary Session notes released after the conclusion of the Communist Party of China Central Committee meeting on 15 November 2013 had provided more policy guidance and removed imminent policy concerns. It provided a good road map for the Chinese economy to achieve balanced growth in the long term, in which reform of household residency registration ("Hukou") system and relaxation of the one child policy should be positive impetus for the property sector going forward.

Corporate Strategy and Responsibility

We expect the PRC real estate sector to go through more consolidation in the coming years, largely due to the limited access to funding and weak sales driving out the smaller players. As industry competition intensifies and cost of funding rises following the start of Quantitative Easing tapering from the US Federal Reserve, we believe tough times still lie ahead for the Group as the polarisation of stronger and weaker developers becomes increasingly pronounced. In view of the evolving and challenging market, we strive to maintain and augment our competitive edges in the PRC real estate landscape whilst keeping a close eye at any potential acquisition targets and asset injection from our controlling Shareholder, China Minmetals Corporation. Further, we will continue to formalise engagement process to understand and reflect the interests of our stakeholders better. Specifically, we will seek progress in areas such as land bank replenishment, customer service, environment protection and community engagement in a financially prudent manner.

Business Prospects

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

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

CONCLUSION

2013 was another year of continuing achievement for Minmetals Land in creating long term value to our shareholders and stakeholders whilst contributing to the well-being of our communities. I would like to thank my fellow Directors for their work during the year, all of our staff for their dedication and commitment to excellence, and our other stakeholders for their trust and invaluable support.

Sun Xiaomin
Chairman

Management Discussion and Analysis

The Group showed continued solid performance across all of its business segments whilst achieving new milestones in its real estate development business in 2013. The Group's consolidated revenue increased by 37.1% to HK$5,905.9 million, net profit attributable to equity holders of the Company increased by 74.2% to HK$476.8 million, representing earnings per Share of HK14.29 cents.

He Jianbo

Deputy Chairman and Managing Director

BUSINESS REVIEW

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

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

	Segment Revenue For the year ended 31 December 2013 HK$ million	%	2012 HK$ million	%	Year-on-year change %
Real estate development	4,734.7	80.2	3,411.5	79.2	38.8
Specialised construction	1,109.7	18.8	838.1	19.5	32.4
Property investment	61.5	1.0	56.9	1.3	8.1
Securities investment	—	—	—	—	—
Total	5,905.9	100.0	4,306.5	100.0	37.1

	Segment Results For the year ended 31 December 2013 HK$ million	%	2012 HK$ million	%	Year-on-year change %
Real estate development	979.5	81.9	903.9	88.8	8.4
Specialised construction	(22.4)	(1.9)	(4.4)	(0.4)	409.1
Property investment	223.2	18.7	108.6	10.7	105.5
Securities investment	16.1	1.3	9.2	0.9	75.0
Total	1,196.4	100.0	1,017.3	100.0	17.6

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

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

REAL ESTATE DEVELOPMENT

Recognised Revenue

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

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

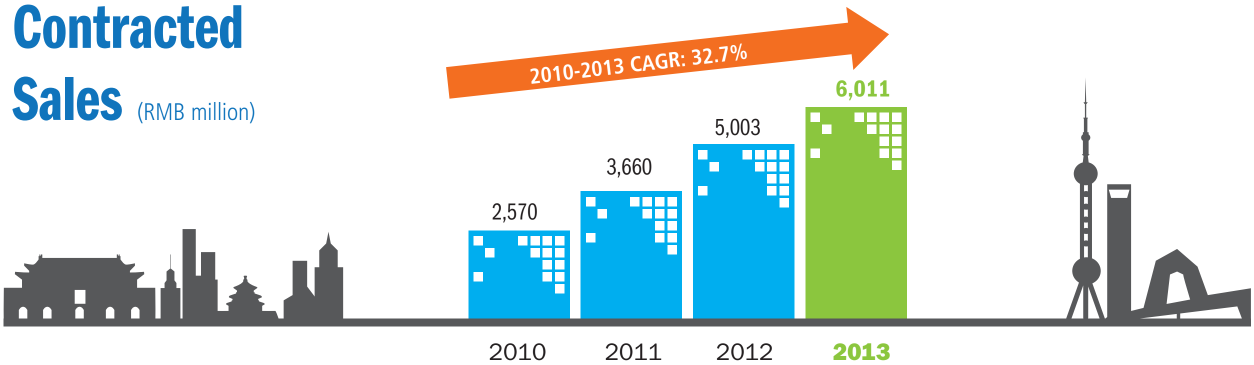
Contracted Sales

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

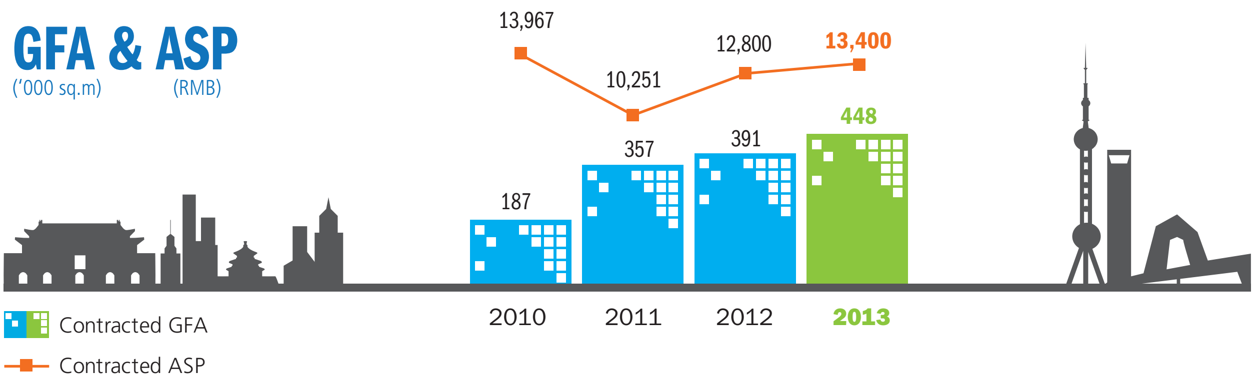
The table below provides an analysis by project of contracted sales for years 2012 and 2013:

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

Contracted Sales (RMB million)



Contracted GFA & ASP
('000 sq.m) (RMB)



Project Profiles

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

Beijing Fortune Garden

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

Project	:	**Fortune Garden**
Location	:	Xibeiwang Town, Haidian District, Beijing, the PRC
Usage	:	Residential
Site area	:	Approximately 139,000 square metres
Gross floor area	:	Approximately 413,000 square metres
Group's interest	:	51%
Expected construction completion date	:	4Q 2015

Yingkou Platinum Bay

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

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 504,000 square metres
Group's interest	:	100%
Expected construction completion date	:	Phase III in 4Q 2015

Langfang Celebration City

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

Project	:	**Celebration City**
Location	:	Jingxintun Town, Xianghe County, Langfang City, Hebei Province, the PRC
Usage	:	Residential
Site area	:	Approximately 395,000 square metres
Gross floor area	:	Approximately 622,000 square metres
Group's interest	:	50%
Expected construction completion date	:	2016

Tianjin Minmetals International

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

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 183,000 square metres
Group's interest	:	100%
Construction completion date	:	2011

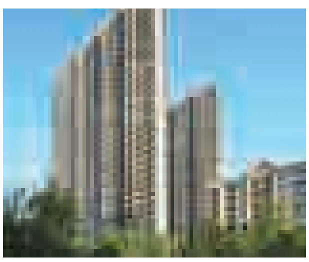
Nanjing Laguna Bay

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

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 310,000 square metres
Group's interest	:	71%
Construction completion date	:	2013

Nanjing Riveria Royale

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



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 222,000 square metres
Group's interest	:	98.88%
Construction completion date	:	2012

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

Nanjing Sello Royale

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

Project	:	**Sello Royale**
Location	:	At south of Hongjing Road, Science Park, Jiangning District, Nanjing, Jiangsu Province, the PRC
Usage	:	Residential
Site area	:	Approximately 179,000 square metres
Gross floor area	:	Approximately 268,000 square metres
Group's interest	:	100%
Expected construction completion date	:	4Q 2014

Nanjing Grand Royale

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

Project	:	**Grand Royale**
Location	:	At Tian He Road, southern part of Hexi, Jianye District, Nanjing, Jiangsu Province, the PRC
Usage	:	Residential
Site area	:	Approximately 136,000 square metres
Gross floor area	:	Approximately 487,000 square metres
Group's interest	:	66.67%
Expected construction completion date	:	Phase 1 in 4Q 2015

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

Changsha LOHAS International Community

LOHAS International Community is a large-scale residential development project with ancillary facilities, such as clubhouse, shops, car-parking lots, schools and landscaped garden. Located at Gaoyun Road, Muyun Town, Changsha County, Hunan Province, the project occupies an aggregate site area of approximately 643,000 square metres, including a private lake of 30,000 square metres. The project has a total planned gross floor area of approximately 1,084,000 square metres. The Group has planned five phases for this project. Development of Phases I and II was completed in December 2010. Phase III commenced in May 2011 and completed in August 2013. Development of Phase IV commenced in March 2013 and is scheduled to complete by the end of 2014. Development of Phase V commenced in December 2013 and is scheduled to be completed by the fourth quarter of 2015. So far, 82% of the gross saleable floor area including car-parking lots were sold.

Project	:	**LOHAS International Community**
Location	:	At Gaoyun Road, Muyun Town, Changsha County, Hunan Province, the PRC
Usage	:	Residential
Site area	:	Approximately 643,000 square metres
Gross floor area	:	Approximately 1,084,000 square metres
Group's interest	:	100%
Expected construction completion date	:	4Q 2015

Changsha Scotland Town

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

Project	:	**Scotland Town**
Location	:	At Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province, the PRC
Usage	:	Residential
Site area	:	Approximately 333,000 square metres
Gross floor area	:	Approximately 440,000 square metres
Group's interest	:	100%
Construction completion date	:	2013

Huizhou Hallstatt See

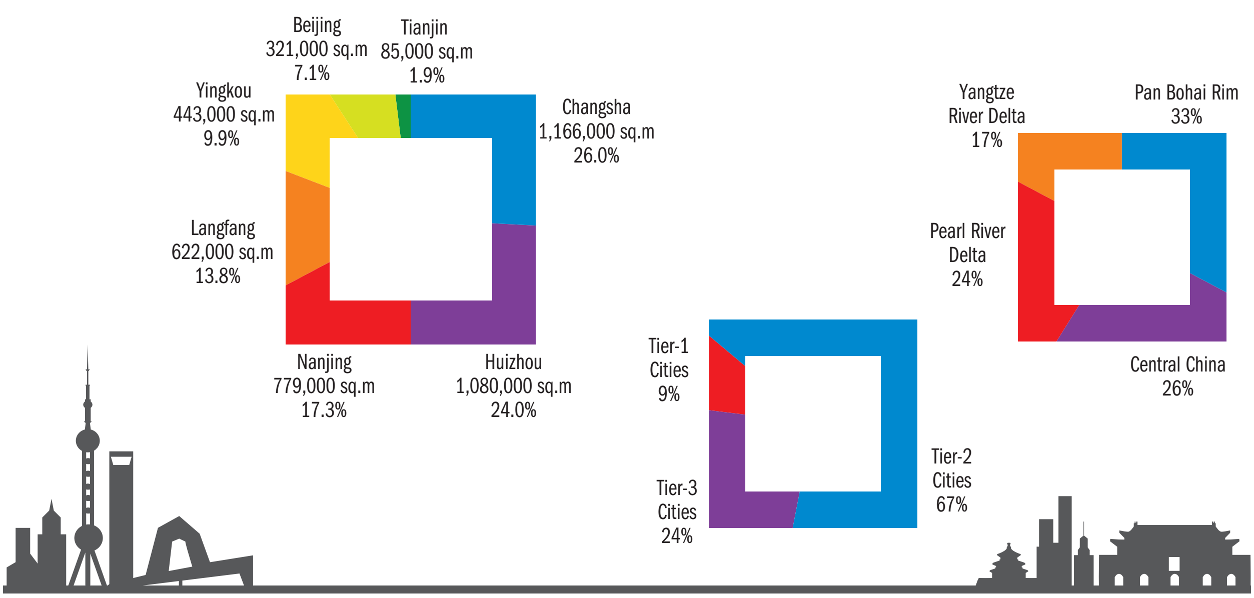
Hallstatt See is a residential development project located in Boluo County, Huizhou City, Guangdong Province and is in close proximity to many amenities including golf course. Surrounded by mountains and a 20-acre lake, the development occupies an aggregate site area of approximately 984,000 square metres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

Project	:	**Hallstatt See**
Location	:	Mai Tian Ling, Boluo County, Huizhou City, Guangdong Province, the PRC
Usage	:	Residential
Site area	:	Approximately 984,000 square metres
Gross floor area	:	Approximately 1,154,000 square metres
Group's interest	:	80%
Expected construction completion date	:	2019

Land Bank

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

Land Bank Composition



Newly Acquired Land Reserves

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

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

(1) Project names may be subject to change.

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

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

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

Project	:	**Changsha Kaifu Project**
Location	:	Fu Yuan West Road, Kaifu District, Changsha County, Hunan Province, the PRC
Usage	:	Residential and commercial
Site area	:	Approximately 150,000 square metres
Gross floor area	:	Approximately 448,000 square metres
Group’s interest	:	100%
Expected construction completion date	:	Phase I – 2016

SPECIALISED CONSTRUCTION

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

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

PROPERTY INVESTMENT

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

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

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

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

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

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

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

CHARGES ON GROUP ASSETS

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

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

ii land and buildings of approximately HK$83.0 million (2012: HK$78.9 million); and

iii properties under development with carrying amounts of approximately HK$1,583.9 million (2012: HK$1,124.6 million).

FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

Details of the financial guarantees of the Company and the Group are set out in Note 34 to the consolidated financial statements.

EMPLOYEES

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

He Jianbo
Deputy Chairman & Managing Director

Corporate Governance Report

The Board is pleased to present the corporate governance report for the year ended 31 December 2013.

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.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, throughout the year ended 31 December 2013, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules, except for the following deviation:

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

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

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.

The Directors acknowledge that they have a duty to act in good faith and in the best interests of the Company and commit themselves to spend sufficient time to perform their duties. They are also aware of their collective and individual responsibilities to Shareholders. As such, they must take an active interest in the Company's affairs and obtain a thorough understanding of the business of the Company. The Company enables the Directors, upon request, to seek advice from independent professional advisors at the Company's expense in the process of discharging their duties. The Company has also arranged for appropriate liability insurance to indemnify Directors for their liabilities arising from corporate activities.

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

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

Name of Director	Designation	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Sun Xiaomin	Chairman & Non-executive Director			M	C
Mr. He Jianbo	Deputy Chairman, 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. 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 is no financial, business, family or other material or relevant relationships amongst members of the Board.

During the year, a total of six physical Board meetings and two general meetings were held. Notice of at least fourteen days is given for the four regular Board meetings. The attendance of the Directors is as follows:

Name of Director	Number of Meetings Attended/Held: Board Meeting	Number of Meetings Attended/Held: General Meeting
Mr. Sun Xiaomin	5/6	1/2
Mr. He Jianbo	6/6	2/2
Mr. Yin Liang	6/6	1/2
Ms. He Xiaoli	6/6	2/2
Mr. Tian Jingqi	4/6	0/2
Mr. Liu Zeping	6/6	0/2
Mr. Lam Chun, Daniel	5/6	2/2
Mr. Selwyn Mar	6/6	2/2
Ms. Tam Wai Chu, Maria	6/6	2/2

All Non-executive Directors are appointed for a specific term of three years. Save as disclosed in the previous paragraph headed "Corporate Governance Code", all the Non-executive Directors, except Mr. Sun Xiaomin, are subject to retirement by rotation and re-election provisions of the Bye-laws.

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.

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".

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

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

The Directors are regularly briefed on the amendments to or updates on the Listing Rules, corporate governance practices and other regulatory regime. The Directors are regularly updated on the business development of the Company. During the year, a in-house seminar was conducted covering the topic of new statutory provision and requirements under the Listing Rules and the SFO.

All Directors had participated in continuous professional development and the individual training record of each Director for the year ended 31 December 2013 is set out below:

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

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 2013.

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 2013, the Directors ensured that the consolidated financial statements had been prepared in accordance with statutory requirements and applicable accounting standards; made judgments and estimates that are prudent, fair and reasonable; and had prepared the consolidated financial statements on a going concern basis. The Directors are also responsible for the timely publication of the consolidated financial statements of the Group.

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

The statement made by Deloitte Touche Tohmatsu, 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 2013, the Audit Committee has assisted the Board in reviewing the Group's financial, operational and compliance controls, and risk management functions, ensuring that controls and risk management measures and procedures are properly implemented. The Group's Internal Audit Department follows a risk-and-control-based approach. Different audit areas are assigned risk ratings and an audit plan is formulated in a risk-weighted manner so that priorities and appropriate audit frequency are given to areas with higher risks. The Group's Internal Audit Department has conducted audits to inspect and evaluate the Group's financial control, operational control, and compliance control and risk management on a regular or as-needed basis, and submitted internal audit reports directly to the Audit Committee, with the purpose of ensuring that the effectiveness of the internal control system of the Group has been improving continuously. The Audit Committee would make recommendations to the management and submit regular reports to the Board on the basis of such audit findings and views.

BOARD COMMITTEES

A. Audit Committee

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

The Audit Committee held four meetings in 2013. The attendance of the members of the Audit Committee is as follows:

Members of the Audit Committee	Number of Meetings Attended/Held
Mr. Selwyn Mar — Chairman	4/4
Mr. Lam Chun, Daniel	3/4
Ms. Tam Wai Chu, Maria	4/4

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 2012 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 2013 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 2013;

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 system;

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

i. constantly reviewed internal audit reports submitted by the Internal Audit Department and directed the department in its approaches to audit planning and reports and ensured that the internal audit function has adequate resources and is 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 Deloitte Touche Tohmatsu as the Company's independent auditor for the year ending 31 December 2014. The Company will put forward a resolution in respect of the re-appointment of Deloitte Touche Tohmatsu as the Company's independent auditor for the year ending 31 December 2014 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.

The Remuneration Committee was authorised by the Board to determine the remuneration packages of Executive Directors and senior management and make recommendations to the Board of the remuneration of Non-executive Directors.

The Remuneration Committee held two meetings in 2013. The attendance of the members of the Remuneration Committee is as follows:

Members of the Remuneration Committee	Number of Meetings Attended/Held
Ms. Tam Wai Chu, Maria — Chairman	2/2
Mr. Sun Xiaomin	0/2
Mr. He Jianbo	1/2
Mr. Lam Chun, Daniel	2/2
Mr. Selwyn Mar	2/2

During the year, the Remuneration Committee reviewed and discussed the 2012 and 2013 annual bonus proposals, 2013 annual salary adjustment proposal and the remuneration of senior management staff.

C. Nomination Committee

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

The Nomination Committee held two meetings in 2013. The attendance of the members of the Nomination Committee is as follows:

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

During the year, the Nomination Committee reviewed and discussed the appointment of the Deputy Chairman, the independence of Independent Non-executive Directors, the structure, size and composition of the Board and succession plan for Directors.

D. Corporate Governance Functions

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

During the year under review, the Board reviewed and approved the revised terms of reference of the Nomination Committee and adopted the "Board Diversity Policy".

REMUNERATION OF INDEPENDENT AUDITOR

For the year ended 31 December 2013, Deloitte Touche Tohmatsu, the independent auditor of the Group, received approximately HK$3.3 million for audit services, and approximately HK$0.7 million for non-audit services which include the review of the 2013 interim report.

For the year ended 31 December 2012, PricewaterhouseCoopers, the independent auditor of the Group, received approximately HK$4.1 million for audit services, and approximately HK$0.37 million for non-audit services.

Deloitte Touche Tohmatsu was appointed in place of PricewaterhouseCoopers as independent auditor at the annual general meeting of the Company held on 7 June 2013. Details of the change of independent auditor are disclosed in the Company's announcement dated 3 May 2013.

COMPANY SECRETARY

Ms. Chung Wing Yee was appointed as Company Secretary of the Company since August 2006. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms. Chung has participated in more than 15 hours of relevant professional training during the year ended 31 December 2013.

SHAREHOLDERS' RIGHTS

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

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

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

B. Enquiries from Shareholders

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTMENT COMMUNITY

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

The Company believes that effective communication with investors is essential for their understanding of the Group's business development. In 2013, the Company started to release contracted sales figures in the form of press release.

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 reliable and timely information about the Company. Shareholders would raise enquiries or provide feedbacks via the designated section on the Company's 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, to enhance corporate governance, regular and effective communication with investors is essential and in particular, for their understanding of the Company's business development. We endeavour to maintain regular meetings and frequent dialogues with the investment community through participation in investors conferences, analyst and media briefings, non-deal road show and investors' and shareholders' visits.

During the year under review, representatives of the Investor Relations Department attended not less than 10 investors' conferences, and organised multiple analyst and media meetings, company visits and non-deal road shows to meet existing and prospective equity and fixed-income investors.

CONSTITUTIONAL DOCUMENTS

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

Directors' and Senior Management's Profile

Chairman

Mr. Sun Xiaomin, aged 59, 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 CMCL 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.

Deputy Chairman and Managing Director

Mr. He Jianbo, aged 44, was appointed as an Executive Director and Managing Director of the Company in December 2007. He is appointed to the position of Deputy Chairman of the Company in April 2013. He is responsible for the operation of and strategic planning for the Company. Mr. He is a Senior International Business Engineer in the PRC and a Vice President of the Liaoning Province Youth Federation. He graduated from the Peking University in 1992 with a Bachelor's Degree in Economics. He also obtained a Master's Degree in International Finance from Peking University and a Master's Degree in Business Administration from Saint Mary's University of Canada. Mr. He joined China Minmetals in 1992 and had served the positions of director of general administrative office, director of strategic planning division and a member of the strategic planning committee of China Minmetals. He is concurrently a Deputy General Manager of the Real Estate and Construction Business Centre of China Minmetals and a director of Minmetals HK. Mr. He has over 20 years of experience in corporate management, strategic planning and investment.

Senior Deputy Managing Director

Mr. Yin Liang, aged 45, was appointed as an Executive Director and a Deputy Managing Director of the Company in December 2006. Mr. Yin is now the Senior Deputy Managing Director of the Company. He graduated from the University of International Business and Economics of China in 1991 with a Bachelor of Law Degree and obtained a Master's Degree in Business Administration from Saint Mary's University of Canada and a Master's Degree in Law from the University of Hong Kong. Mr. Yin joined China Minmetals in 1991 and has been serving various departments of China Minmetals group for investment, corporate management, capital market, legal affairs and trading. Mr. Yin has extensive experience in real estate development, investment, capital market and corporate management.

Deputy Managing Director

Ms. He Xiaoli, aged 46, was appointed as an Executive Director of the Company in February 2002. Ms. He is now the Deputy Managing Director 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.

Non-executive Directors

Mr. Tian Jingqi, aged 50, was appointed as a Non-executive Director of the Company in June 2010. Mr. Tian obtained a Bachelor's Degree from Beijing University of Iron and Steel Technology (now known as University of Science and Technology Beijing) in 1985 and a Master's Degree in Business Administration from China Europe International Business School in 1998. He is a Senior International Business Engineer in the PRC and a Chartered Builder. Mr. Tian joined China Minmetals in 1988 and is the General Manager of the Real Estate and Construction Business Centre of China Minmetals and a Director and the General Manager of Minmetals Real Estate. Mr. Tian has extensive experience in real estate and international trading business.

Mr. Liu Zeping, aged 45, was appointed as a Non-executive Director of the Company in June 2010. Mr. Liu holds a Bachelor's Degree from Military Academy of Engineering and an Executive Master's Degree in Business Administration from Tsinghua University. He is a Qualified Senior Engineer in the PRC. Mr. Liu joined China Minmetals in 1992 and is a Deputy General Manager of the Real Estate and Construction Business Centre of China Minmetals and the President and General Manager of 23rd Metallurgical. Mr. Liu has extensive experience in real estate development and construction business.

Independent Non-executive Directors

Mr. Lam Chun, Daniel, aged 68, 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 78, 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 director of Nexia Charles Mar Fan Limited 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 36 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.

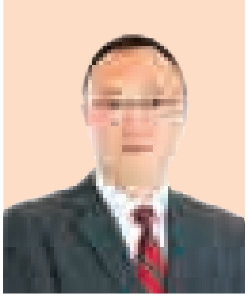
Ms. Tam Wai Chu, Maria, aged 68, was appointed as an Independent Non-executive Director of the Company in April 1997. Ms. Tam holds a Bachelor's Degree in Law from the University of London and has been a practising barrister since 1972. Ms. Tam is currently involved in numerous community services, which 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 Operations Review Committee and the Witness Protection Review Board of the Independent Commission Against Corruption, and a director of Love, Family Foundation Limited.

Senior Management

Mr. Yang Lu, aged 56, joined the Company as the General Manager of the Real Estate Development Department in May 2007. Mr. Yang is now a Deputy General Manager of the Company and is responsible for the initial management of new projects and oversees the business development of real estate development projects of the Company in the PRC. Mr. Yang graduated from Chongqing (Jianzhu) Architectural & Engineering University (now known as Chongqing University) in 1982 with a Bachelor of Engineering Degree. He also holds a Grade One Project Manager Certificate issued by the PRC's Ministry of Construction and is a member of the Chartered Institute of Building, U.K.. He was previously employed to managerial positions in various companies of China Overseas Holdings Limited with exposure to a variety of domestic and overseas engineering projects. He was also the general manager of a PRC real estate development company of China Overseas Holdings Limited. Mr. Yang has extensive experience in the development, operation and management of construction contracting and real estate development business.

Mr. Xu Bingliang, aged 48, 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 51, 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 Hong Kong, 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. Tang Ying Kit, aged 40, joined the Company as the Financial Controller in April 2013. He is an associate member of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants, and a fellow member of the Association of Chartered Certified Accountants. Mr. Tang holds a Bachelor degree in Business Administration in Finance (Honours) from the Hong Kong University of Science and Technology. Prior to joining the Company, Mr. Tang had worked in listed company and state-owned enterprise in Hong Kong. He has extensive experience in corporate finance, 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 2013.

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 18 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 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 83.

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

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

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in Note 26 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and of the Company during the year are set out in Note 27 to the consolidated financial statements.

PROPERTIES

Particulars of the major properties held for investment and properties under development of the Group are set out on pages 7 to 35.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2013, calculated in accordance with the Companies Act of Bermuda, amounted to HK$301,931,000 (2012: HK$445,109,000).

FIVE-YEAR FINANCIAL SUMMARY

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

SHARE OPTION

The 2003 Share Option Scheme, which was adopted by the Company on 29 May 2003, expired on 28 May 2013. Share options granted under the 2003 Share Option Scheme prior to its expiration shall continue to be valid and exercisable in accordance with their terms of issue.

At the annual general meeting of the Company held on 7 June 2013, the Company adopted the 2013 Share Option Scheme to recognise and acknowledge eligible persons for their contribution or potential contribution to the Group. No share options have yet been granted by the Company pursuant to the 2013 Share Option Scheme.

The principal terms of the 2013 Share Option Scheme are set out as follows:

(1) Participants of the 2013 Share Option Scheme

Any directors or any employees of any company of the Group and any advisers of, consultants of, contractors to any company of the Group or any person who has any relationship (whether business or otherwise) with any company 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 2013 Share Option Scheme

The total number of Shares available for issue under the 2013 Share Option Scheme is 333,785,270, representing approximately 10% of the issued share capital of the Company as at the date of this report.

(3) Maximum entitlement of each participant under the 2013 Share Option Scheme

No share options under the 2013 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 2013 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 as stipulated in the 2013 Share Option Scheme.

(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 2013 Share Option Scheme must be accepted within 28 business days from the date on which the offer is made 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 Stock Exchange's daily quotations sheet on the date of 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 grant of the relevant share option; and (iii) the nominal value of a Share.

(7) The remaining life of the 2013 Share Option Scheme

The 2013 Share Option Scheme is valid until 6 June 2023.

Details of the movements of share options granted under the 2003 Share Option Scheme during the year ended 31 December 2013 are as follows:

Category of participant	Date of grant	Exercisable period	Exercise price HK$	Number of share options: As at 1 January 2013	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2013
(i) Directors								
Mr. Sun Xiaomin	30.11.2012	30.11.2014 to 29.11.2022 (Note 2)	1.20	1,970,000	—	—	—	1,970,000
Mr. He Jianbo	1.12.2008	1.12.2010 to 30.11.2018 (Note 1)	0.45	1,428,000	—	—	—	1,428,000
	30.11.2012	30.11.2014 to 29.11.2022 (Note 2)	1.20	2,900,000	—	—	—	2,900,000
Mr. Yin Liang	1.12.2008	1.12.2010 to 30.11.2018 (Note 1)	0.45	952,000	—	—	—	952,000
	30.11.2012	30.11.2014 to 29.11.2022 (Note 2)	1.20	2,200,000	—	—	—	2,200,000
Ms. He Xiaoli	1.12.2008	1.12.2010 to 30.11.2018 (Note 1)	0.45	793,333	—	—	—	793,333
	30.11.2012	30.11.2014 to 29.11.2022 (Note 2)	1.20	2,100,000	—	—	—	2,100,000
Mr. Tian Jingqi	30.11.2012	30.11.2014 to 29.11.2022 (Note 2)	1.20	1,700,000	—	—	—	1,700,000
Mr. Liu Zeping	30.11.2012	30.11.2014 to 29.11.2022 (Note 2)	1.20	1,470,000	—	—	—	1,470,000
(ii) Employees and others	1.12.2008	1.12.2010 to 30.11.2018 (Note 1)	0.45	8,194,001	—	—	555,333	7,638,668
	30.11.2012	30.11.2014 to 29.11.2022 (Note 2)	1.20	45,600,000	—	—	3,650,000	41,950,000
Total				69,307,334	—	—	4,205,333	65,102,001

Notes:

1. These share options are exercisable in three tranches: the maximum percentage of share options of each tranche exercisable within the periods commencing from 1 December 2010 to 30 November 2018, from 1 December 2011 to 30 November 2018 and from 1 December 2012 to 30 November 2018 are 30%, 30% and 40% respectively.

2. These share options are exercisable in three tranches: the maximum percentage of share options of each tranche exercisable within the periods commencing from 30 November 2014 to 29 November 2022, from 30 November 2015 to 29 November 2022 and from 30 November 2016 to 29 November 2022 are 30%, 30% and 40% respectively.

Save as disclosed above, no share options in respect of the 2003 Share Option Scheme were granted, lapsed or cancelled 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. Tian Jingqi
Mr. Liu Zeping

Executive Directors

Mr. He Jianbo
Mr. Yin Liang
Ms. He Xiaoli

Independent Non-executive Directors

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

Mr. Tian Jingqi, Mr. Liu Zeping and Mr. Lam Chun, Daniel will retire from the offices of Director at the AGM in accordance with Bye-law 111(A) of the Bye-Laws and, being eligible, offers 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

Mr. He Jianbo, the Deputy Chairman, Managing Director and an Executive Director, is also a director of Yingkou Industrial Park, Minmetals Real Estate and 23rd Metallurgical.

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 23rd Metallurgical.

Mr. Liu Zeping, a Non-executive Director, is also a director and the president of 23rd Metallurgical, 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. 23rd Metallurgical is an enterprise established under the laws of the PRC which is engaged in construction engineering, mining development and operations, real estate and related industries business.

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

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

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B) of the Listing Rules, the changes in information of Directors for the year ended 31 December 2013 are as follows:

1. Changes in Director's emoluments during the year are set out in Note 9 to the consolidated financial statements.

2. Ms. Tam Wai Chu, Maria, an Independent Non-Executive Director, was appointed as an independent non-executive director of Macau Legend Development Limited (a company listed on the main board of the Stock Exchange) with effect from 5 June 2013.

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

As at 31 December 2013, the interests and short positions of the Directors and the chief executive of the Company in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, or as recorded in the register kept by the Company pursuant to section 352 of the SFO, were as follows:

Long Position in Shares

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

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

Save as disclosed above, as at 31 December 2013, 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 2013.

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 2013.

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013, according to the register of interests kept by the Company under section 336 of the SFO, the following entities had interests in the Shares and underlying Shares which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long Position in Shares

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

Notes:

1. June Glory is a wholly-owned subsidiary of Minmetals HK, which in turn is wholly owned by CMCL. CMCL is owned as to approximately 88.5% by China Minmetals. Accordingly, each of China Minmetals, CMCL and Minmetals HK was deemed as interested in the 2,071,095,506 Shares held by June Glory.

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

CONTRACTS OF SIGNIFICANCE

During the year ended 31 December 2013, no contract of significance was entered into or subsisted between the Company or its subsidiaries and the Company's controlling shareholder or its subsidiaries.

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	
	2013	2012	**2013**	2012
The largest customer	**2.0%**	1.8%		
Five largest customers in aggregate	**6.4%**	4.8%		
The largest supplier			**3.9%**	36.4%
Five largest suppliers in aggregate			**9.0%**	44.0%

23rd Metallurgical (a non wholly-owned subsidiary of China Minmetals) is the largest supplier of the Group during the year.

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

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

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

PRE-EMPTIVE RIGHTS

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

CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions undertaken by the Group during the year ended 31 December 2013 are as follows:

1. A conditional construction contracting agreement dated 29 March 2011 was entered into between the Company and 23rd Metallurgical (formerly known as Ershisanye Construction Group Co., Ltd.) whereby the Company may from time to time invite 23rd Metallurgical or its subsidiaries to tender and award construction contracts, subject to successful tender, in respect of the existing and future real estate development projects of the Group in the PRC for the period from 29 March 2011 to 31 December 2013.

   The aggregate sum awarded by the Group to 23rd Metallurgical and any of its subsidiaries for the year ended 31 December 2013 was RMB376,040,914.

   A conditional construction contracting agreement dated 4 November 2013 was entered into by the parties whereby the transactions contemplated under the said construction contracting agreement would be continued for the period from 1 January 2014 to 31 December 2016, details of which are contained in the Company's announcements dated 4 November 2013 and 11 December 2013 and the circular dated 23 November 2013.

2. A tenancy agreement dated 30 December 2011 was entered into between Minmetals Cheerglory (a non wholly-owned subsidiary of China Minmetals) as the tenant and Texion (a wholly-owned subsidiary of the Company) as the landlord ("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 and five months commencing from 1 January 2012 to 31 May 2014 (both dates inclusive)
Rental	:	HK$133,239 per calendar month (exclusive of government rates and service, management and air-conditioning charges)
Other charges	:	HK$25,489.20 per calendar month (being the tenant's share of service, management and air-conditioning charges)

The aggregate sum of the rental paid by Minmetals Cheerglory under Tenancy Agreement I for the year ended 31 December 2013 was HK$1,598,868.

3. A tenancy agreement dated 30 December 2011 was entered into between Minmetals Capital (a non wholly-owned subsidiary of China Minmetals) as the tenant and Texion as the landlord ("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	:	approximately two years commencing from 16 May 2012 to 31 May 2014 (both dates inclusive)
Rental	:	HK$133,239 per calendar month (exclusive of government rates and service, management and air-conditioning charges)
Other charges	:	HK$25,489.20 per calendar month (being the tenant's share of service, management and air-conditioning charges)

The aggregate sum of the rental paid by Minmetals Capital under Tenancy Agreement II for the period from 1 January 2013 to 15 July 2013 was HK$863,904. A surrender agreement dated 1 May 2013 was entered into by the parties pursuant to which the lease under Tenancy Agreement II was terminated on 15 July 2013.

4. A tenancy agreement dated 30 December 2011 was entered into between Minmetals HK (a non wholly-owned subsidiary of China Minmetals) as the tenant and Texion as the landlord ("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 commencing from 1 June 2012 to 31 May 2014 (both dates inclusive)
Rental	:	HK$133,239 per calendar month (exclusive of government rates and service, management and air-conditioning charges)
Other charges	:	HK$25,489.20 per calendar month (being the tenant's share of service, management and air-conditioning charges)

The aggregate sum of the rental paid by Minmetals HK under Tenancy Agreement III for the year ended 31 December 2013 was HK$1,598,868.

5. A property management service agreement dated 16 January 2012 was entered into between Yingkou Industrial Park (a non 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 Phase I of Minmetals (Yingkou) Industrial Park Binhai Industrial Zone, an industrial development project undertaken by Yingkou Industrial Park in Yingkou, the PRC for the period from 1 January 2012 to 31 December 2013.

   The aggregate sum paid by Yingkou Industrial Park to Yingkou Minmetals Grace Home for the year ended 31 December 2013 was RMB507,440.

6. A material supply agreement dated 2 April 2012 was entered into between the Company and Newglory (a non 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 for the period from 2 April 2012 to 31 December 2014.

   The aggregate sum awarded by the Company to Newglory for the year ended 31 December 2013 was nil.

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

   The aggregate sum paid by Jiahe Risheng to Jiasheng Properties for the year ended 31 December 2013 was RMB3,825,666.

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

   The aggregate sum paid by Zhongrun Chengzhen to Jiasheng Properties for the year ended 31 December 2013 was RMB971,834.

9. A framework agreement dated 7 September 2012 was entered into between Boluo Bihau (a 80%-owned subsidiary of the Company) and Shenzhen Pan-China (a company holding 20% equity interests in Boluo Bihau) whereby Boluo Bihau may from time to time invite Shenzhen Pan-China to tender and award construction contracts, subject to successful tender, in respect of Hallstatt See project in Huizhou, the PRC for the period from 7 September 2012 to 31 December 2014.

   The aggregate sum awarded by Boluo Bihau to Shenzhen Pan-China for the year ended 31 December 2013 was RMB433,747,739.

10. A tenancy agreement dated 1 April 2013 was entered into between Fifth Plaza Co (a non wholly-owned subsidiary of China Minmetals) as the landlord and Minmetals Land Beijing (a wholly-owned subsidiary of the Company) as the tenant ("Tenancy Agreement IV"), details of which are set out below:

Premises	:	7th Floor and part of BM and B1 Floors, Tower A, Minmetals Plaza, 3 Chaoyangmen North Street, Dongcheng District, Beijing, the PRC and six car parking spaces
Period	:	two years and nine months commencing from 1 April 2013 to 31 December 2015 (both dates inclusive)
Rental	:	RMB1,227,328.24 per calendar month (exclusive of management, electricity and public facility charges)

The aggregate sum of the rental paid by Minmetals Land Beijing under Tenancy Agreement IV for the year ended 31 December 2013 was RMB10,981,154.

11. A tenancy agreement dated 1 May 2013 was entered into between Minmetals Capital as the tenant and Texion as the landlord ("Tenancy Agreement V"), details of which are set out below:

Premises	:	9th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
Period	:	13 months commencing from 1 May 2013 to 31 May 2014 (both dates inclusive)
Rental	:	HK$133,239 per calendar month (exclusive of government rates and service, management and air-conditioning charges)
Other charges	:	HK$25,489.20 per calendar month (being the tenant's share of service, management and air-conditioning charges)

The aggregate sum of the rental paid by Minmetals Capital under Tenancy Agreement V for the year ended 31 December 2013 was HK$1,065,912.

12. A financial services framework agreement dated 4 November 2013 was entered into between the Company and Minmetals Finance (a non wholly-owned subsidiary of China Minmetals) whereby Minmetals Finance would provide the Company and its PRC subsidiaries with deposit, loan and settlement services for the period from 4 November 2013 to 31 December 2015.

During the period from 4 November 2013 to 31 December 2013, the maximum daily outstanding balance of deposits (including accrued interests) placed by the Company and its PRC subsidiaries with Minmetals Finance was approximately RMB1,798,000,000.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

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

(a) in the ordinary and usual course of 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 favourable 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 as a whole.

The Company's independent auditor, Deloitte Touche Tohmatsu, was engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor has issued its unqualified letter containing its findings and conclusions in respect of the Continuing Connected Transactions disclosed by the Group on pages 75 to 78 of this annual report in accordance with paragraph 14A.38 of the Listing Rules. A copy of the independent 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

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

   Pursuant to Facility Agreement I, 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 Facility Agreement I; and/or (ii) demand that all or part of the loans together with accrued interest and all other amounts accrued under Loan Facility I be immediately due and payable; and/or (iii) demand that all or part of the loans be payable on demand.

2. OFL as the borrower, the Company and MLI as the guarantors and certain banks as the lenders (the "Lenders") entered into a facility agreement for a 3-year term loan facility ("Loan Facility II") in the principal amount of HK$3,800,000,000 on 5 July 2013 ("Facility Agreement II").

   Pursuant to Facility Agreement II, China Minmetals, the controlling shareholder of the Company, shall own beneficially (directly or indirectly) at least 31% of the entire issued share capital in the Company as well as remain the single largest Shareholder (directly or indirectly) of the Company and has management control over the Company. A breach of any of the aforesaid conditions would constitute an event of default and the Lenders may (i) cancel all or any part of the commitments under Facility Agreement II; and/or (ii) declare that all or part of the loans together with accrued interest and all other amounts accrued under Loan Facility II be immediately due and payable; and/or (iii) declare that all or part of the loans be payable on demand.

3. OFL as the borrower, the Company and MLI as the guarantors and certain banks as the lenders (the "Lenders") entered into a term loan facility agreement for a 5-year term loan facility ("Loan Facility III") in the principal amount of HK$5,300,000,000 on 20 December 2013 ("Facility Agreement III").

   Pursuant to Facility Agreement III, China Minmetals, the controlling shareholder of the Company, shall beneficially (directly or indirectly) own not less than 31% of the issued Shares of the Company as well as remain the single largest beneficial 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 Facility Agreement III; and/or (ii) demand that all or part of the loans together with accrued interest and all other amounts accrued under Loan Facility III be immediately due and payable; and/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 discussed with the management of the Company and the Group's independent auditor, Deloitte Touche Tohmatsu, on the consolidated financial statements of the Group for the year ended 31 December 2013 and has also reviewed accounting principles and practices adopted by the Group, internal control and other financial reporting matters. The consolidated financial statements of the Group for the year ended 31 December 2013 have been recommended by the Audit Committee of the Company to the Board for approval.

INDEPENDENT AUDITOR

PricewaterhouseCoopers has retired and Deloitte Touche Tohmatsu was appointed as the independent auditor of the Company with effect from the conclusion of the 2013 annual general meeting of the Company held on 7 June 2013.

The consolidated financial statements as contained in this annual report have been audited by Deloitte Touche Tohmatsu who will retire at the AGM and, being eligible, offer themselves for re-appointment at the AGM.

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

Hong Kong, 21 March 2014

Independent Auditor's Report

Deloitte.
德勤

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 (collectively referred to as the "Group") set out on pages 83 to 161, which comprise the consolidated and Company's statements of financial position as at 31 December 2013, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, 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.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
21 March 2014

Consolidated Statement of Profit or Loss

For the year ended 31 December 2013

	NOTES	2013 HK$'000	2012 HK$'000
Revenue	6	**5,905,854**	4,306,454
Cost of sales		**(4,463,399)**	(3,036,950)
Gross profit		**1,442,455**	1,269,504
Other gains, net	8	**36,088**	20,593
Fair value changes on investment properties	16	**169,417**	63,013
Selling and distribution costs		**(184,907)**	(150,178)
Administrative expenses		**(448,244)**	(293,295)
Finance income	10	**62,404**	91,271
Finance costs	10	**(107,213)**	(186,460)
Share of results of associated companies	19	**55,262**	(28,008)
Profit before tax		**1,025,262**	786,440
Income tax expense	11	**(449,466)**	(356,932)
Profit for the year	7	**575,796**	429,508
Profit for the year attributable to:			
Equity holders of the Company	12	**476,832**	273,804
Non-controlling interests		**98,964**	155,704
		575,796	429,508
Earnings per share for profit attributable to equity holders of the Company, in HK cents			
Basic	13	**14.29**	8.20
Diluted	13	**14.26**	8.19

	NOTES	2013 HK$'000	2012 HK$'000
Dividends	14	**50,068**	33,378

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

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

Consolidated Statement of Financial Position

As at 31 December 2013

	NOTES	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**141,214**	139,526
Investment properties	16	**1,235,149**	1,070,239
Goodwill	17	**10,107**	9,800
Interests in associated companies	19(a)	**853,073**	772,732
Financial assets at fair value through other comprehensive income	23	**622,269**	643,011
Deferred tax assets	29	**189,055**	269,669
		3,050,867	2,904,977
Current assets			
Inventories	20	**18,025,653**	7,382,852
Amounts due from customers for contract work	21	**200,334**	51,212
Prepayments, trade and other receivables	22	**1,914,110**	4,411,632
Loan to an associated company	19(c)	**—**	234,706
Cash and bank deposits, restricted	24	**115,605**	111,179
Cash and bank deposits, unrestricted	25	**6,102,303**	2,419,256
		26,358,005	14,610,837
Total assets		**29,408,872**	17,515,814
EQUITY			
Share capital	26	**333,785**	333,785
Reserves	27	**7,403,746**	6,671,326
Equity attributable to equity holders of the Company		**7,737,531**	7,005,111
Non-controlling interests		**3,606,661**	896,143
Total equity		**11,344,192**	7,901,254

	NOTES	2013 HK$'000	2012 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	28	**8,739,607**	3,080,023
Deferred tax liabilities	29	**97,748**	131,337
Other liabilities		**386**	735
		8,837,741	3,212,095
Current liabilities			
Borrowings	28	**1,412,171**	1,901,227
Trade and other payables	30	**5,536,742**	2,853,231
Deferred revenue	31	**2,023,791**	1,393,349
Taxation payable		**254,235**	254,658
		9,226,939	6,402,465
Total liabilities		**18,064,680**	9,614,560
Total equity and liabilities		**29,408,872**	17,515,814
Net current assets		**17,131,066**	8,208,372
Total assets less current liabilities		**20,181,933**	11,113,349

The consolidated financial statements on pages 83 to 161 were approved and authorised for issue by the Board on 21 March 2014 and are signed on its behalf by:

He Jianbo
DIRECTOR

He Xiaoli
DIRECTOR

Statement of Financial Position

As at 31 December 2013

	NOTES	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	18(a)	127,946	209,808
Current assets			
Amounts due from subsidiaries	18(b)	13,677,682	7,784,026
Other receivables	22	1,347	860
Cash and bank deposits, unrestricted	25	64,664	18,234
		13,743,693	7,803,120
Total assets		13,871,639	8,012,928
EQUITY			
Share capital	26	333,785	333,785
Reserves	27	4,588,841	4,718,313
Total Equity		4,922,626	5,052,098
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	18(b)	8,923,605	2,946,268
Accruals and other payables	30	25,408	14,562
Total liabilities		8,949,013	2,960,830
Total equity and liabilities		13,871,639	8,012,928
Net current assets		4,794,680	4,842,290
Total assets less current liabilities		4,922,626	5,052,098

He Jianbo
DIRECTOR

He Xiaoli
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to equity holders of the Company				
	Share capital HK$'000	Reserves HK$'000 (Note 27)	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance as at 1 January 2012	333,782	6,171,869	6,505,651	746,400	7,252,051
Profit for the year	—	273,804	273,804	155,704	429,508
Other comprehensive income for the year	—	301,045	301,045	1,038	302,083
Total comprehensive income for the year, net of tax	—	574,849	574,849	156,742	731,591
Issue of shares	3	12	15	—	15
Acquisition of non-controlling interest in a subsidiary	—	(43,381)	(43,381)	(61,123)	(104,504)
Contributions from non-controlling shareholders	—	—	—	54,124	54,124
Employee share option benefits	—	1,356	1,356	—	1,356
Dividends paid to shareholders of the Company	—	(33,379)	(33,379)	—	(33,379)
	3	(75,392)	(75,389)	(6,999)	(82,388)
As at 31 December 2012	333,785	6,671,326	7,005,111	896,143	7,901,254
Profit for the year	—	476,832	476,832	98,964	575,796
Other comprehensive income for the year	—	265,588	265,588	45,106	310,694
Total comprehensive income for the year, net of tax	—	742,420	742,420	144,070	886,490
Acquisition of non-controlling interest in a subsidiary	—	9,673	9,673	(517,102)	(507,429)
Contributions from non-controlling shareholders	—	—	—	3,083,550	3,083,550
Employee share option benefits	—	13,706	13,706	—	13,706
Dividends paid to shareholders of the Company	—	(33,379)	(33,379)	—	(33,379)
	—	(10,000)	(10,000)	2,566,448	2,556,448
As at 31 December 2013	333,785	7,403,746	7,737,531	3,606,661	11,344,192

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	NOTES	2013 HK$'000	2012 HK$'000
Operating activities			
Cash (used in)/generated from operations	33	(3,306,722)	346,571
Interest paid		(488,447)	(285,988)
Income tax paid		(523,315)	(567,356)
Net cash used in operating activities		(4,318,484)	(506,773)
Investing activities			
Additions of investment properties		(243)	(37)
Purchase of property, plant and equipment		(8,606)	(11,188)
Repayment of loan to a non-controlling shareholder of a subsidiary		—	156,655
Repayment of loan to an associated company		234,706	727,794
Investments in associated companies		—	(562,300)
Interest received		62,404	91,271
Net cash generated from investing activities		288,261	402,195
Financing activities			
Net proceeds from issue of shares		—	15
Acquisition of additional interest of a subsidiary		(507,429)	(104,504)
Contributions from non-controlling shareholders		3,083,550	54,124
New borrowings		6,752,124	1,355,809
Repayment of borrowings		(1,581,596)	(1,606,778)
Dividends paid to the Company's shareholders		(33,379)	(33,379)
Net cash generated from/(used in) financing activities		7,713,270	(334,713)
Increase/(decrease) in cash and cash equivalents		3,683,047	(439,291)
Cash and cash equivalents at beginning of year		2,419,256	2,858,547
Cash and cash equivalents at end of year	25	6,102,303	2,419,256

1. ORGANISATION AND OPERATIONS

Minmetals Land Limited (the "Company") and its subsidiaries (collectively, the "Group") is principally engaged in real estate development, specialised construction, property investment and securities investment. Hong Kong and the People's Republic of China (other than Hong Kong and Macau) (the "PRC") are the major markets for the Group's businesses.

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

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised HKFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied, for the first time, certain new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs affecting amounts reported and/or disclosures in the financial statements (Continued)

Amendments to "HKAS 1 Presentation of items of other comprehensive income"

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

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

HKFRS 10 "Consolidated financial statements"

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

HKFRS 13 "Fair value measurement"

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the consolidated financial statements. In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement requirements prospectively. Disclosures of fair value information are set out in Notes 16 and 23. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

New and revised HKFRSs in issue but not yet effective

For the purpose of preparing and presenting the consolidated financial statements for the year ended 31 December 2013, the Group has consistently applied HKFRSs, which are effective for the accounting period beginning on 1 January 2013 throughout the year ended 31 December 2013.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs in issue but not yet effective (Continued)

At the date of this report, the Group has not early applied the following new and revised HKFRSs that have been issued but not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 — 2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 — 2013 cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HKFRS 9	Financial instruments — Phase III: Hedge accounting[3]
HKFRS 14	Regulatory deferral accounts[5]
HK (IFRIC) — INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 July 2014.

3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

The Group has not early adopted these new and revised HKFRSs in the preparation of the consolidated financial statements.

The adoption of the above new or revised HKFRSs is not expected to have material impact on the results and the financial position of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the 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, which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with HKFRSs 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 5.

The principal accounting policies are set out below:

Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

Subsidiaries (Continued)

- is exposed, or has right, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of the subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributable to the equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair values or, when applicable, on the basis specified in another HKFRS.

Acquisition-related costs are expenses as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

Subsidiaries (Continued)

Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKFRS 9, or HKAS 37 "Provisions, contingent liabilities and contingent assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at the date.

Changes in equity interests in existing subsidiaries

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 equity holders in their capacity as equity holders. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

Subsidiaries (Continued)

Disposal of subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interests and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on the initial recognition for subsequent accounting under HKFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Separate financial statements

In the Company's statement of financial position, 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.

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. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associated company is accounted for using the equity method from the date on which the investee becomes an associated company. On acquisition of the investment in an associated company, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

Associated companies (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investments in associated companies. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group's share of post-acquisition profits or losses is recognised in the profit or loss, 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 of the associated companies exceeds the Group's interest in that associated companies (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated companies), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated companies.

When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value on the date it lost significant influence over the investee and the fair value is regarded as its fair value on initial recognition. Upon disposal or partial disposal of the Group's interest in an associate, the difference between the carrying amount of the associate at the date the Group lost significant influence the investee, and the fair value of any retained interest and any proceeds from disposing of a partial interest in the associate is included in the determination of the gain or loss on disposal of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associated companies 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 profit or loss.

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 of the Company that make strategic decisions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

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.

Transactions and balances

Foreign currency transactions are translated into the functional currency of respective entities of the Group 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 profit or loss. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

— Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

— Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

— Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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 statement of financial position presented are translated at the closing rate at the date of reporting;

— income and expenses for each statement of profit or loss 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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (Continued)

Group companies (Continued)

— all resulting exchange differences are recognised in other comprehensive income accumulated in equity (and attributed to non-controlling interests as appropriate).

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

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.

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.

Sales of completed properties

Revenue from sale of completed properties is recognised when the properties are delivered and titles have passed, at which time all the following additional conditions are satisfied:

- The Group has transferred to the purchasers the significant risks and rewards of ownership of the goods.

- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits and instalments received on properties sold prior to meeting the above criteria for revenue recognition are included as deferred revenue under current liabilities.

Contract revenue

The accounting policy for contract revenue recognition is set out under construction contracts.

Operating lease rental income

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

Dividend income

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Interest income

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

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 profit or loss on a straight-line basis over the period of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises the related costs as expenses for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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 profit or loss during the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Depreciation and amortisation are recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. 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:

Land and buildings	2%–5%
Leasehold improvements	Over the remaining period of the lease
Machinery	5%–25%
Furniture, fixtures and equipment	15%–25%
Motor vehicles	20%–30%

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 profit or loss.

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 properties comprise land held under operating leases and buildings.

Investment properties are measured initially at cost, including related transaction costs. Subsequent to initial recognition, investment properties are 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 properties that are being redeveloped for continuing use as investment properties, or for which the market has become less active, continue to be measured at fair value.

The fair value of investment properties reflect, 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 profit or loss during the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties (Continued)

Gains and losses arising from fair value changes on investment properties are included in profit or loss in the period in which they arise.

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 differences 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 profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Goodwill

Goodwill arises on the acquisition of subsidiaries and associated companies represents the excess of the consideration transferred over the Company's interest in net fair values of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair values of the non-controlling interests 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 of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets other than goodwill

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 or depreciation 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 of disposal 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 (CGUs). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial assets

Classification

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

Debt investments

Financial assets at amortised cost

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

Equity investments

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

Recognition and measurement

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Recognition and measurement (Continued)

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.

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

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

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

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 statement of profit or loss within administrative expenses. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Construction contracts

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 cost incurred to date as a percentage of total contract cost. Costs incurred in the period in connection with future activity are presented as inventories, prepayments or other assets, depending on their nature. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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 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).

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 statement of financial position.

Share capital

Ordinary shares are classified as equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 profit or loss over the period of the borrowings using the effective interest method.

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

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, 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.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period 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.

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 consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period 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. Deferred tax liabilities are generally recognised for all taxable temporary differences.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Outside basis differences

Deferred income tax is provided on taxable temporary differences arising on investments in subsidiaries and associated companies 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.

Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current and deferred tax (Continued)

Offsetting

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

Employee benefits

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 end of the reporting period.

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

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 employees have rendered service entitling them to the contributions 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.

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 profit or loss. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted at the grant date. The total amount expensed is recognised on a straight-line basis over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied and based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee share based compensation reserve.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

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 the entity can no longer withdraw the offer of those benefits. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

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.

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 consolidated 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.

4. FINANCIAL RISK FACTORS AND MANAGEMENT

(a) 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, fair value 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.

4. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Market risk

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 RMB. The Group is exposed to foreign exchange risk arising from the exposure of RMB against US$. 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 2013, if RMB had weakened/strengthened by 5% against US$ with all other variables held constant, pre-tax profit for the year would have been HK$24,543,000 (2012: Nil) 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.

Cash flow interest-rate risk

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

If interest rates on HK dollar-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, (i) pre-tax profit for the year ended 31 December 2013 would be HK$25,668,000 (2012: HK$10,665,000) lower/higher in respect of the net finance cost charged to the profit or loss; and (ii) properties under development would be increased/decreased by approximately HK$42,485,000 (2012: HK$22,310,000) for finance cost capitalised into properties under development.

If interest rates on RMB-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, (ii) pre-tax profit for the year ended 31 December 2013 would be HK$636,000 (2012: HK$11,609,000) lower/higher for in respect of the net finance cost charged to the profit or loss; and (ii) properties under development would be increased/decreased by approximately HK$6,713,000 (2012: HK$3,711,000) for finance cost capitalised into properties under development.

Fair value interest-rate risk

The Group's fair value interest rate risk relates primarily to other borrowings issued at fixed rate. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

4. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

Equity securities price risk

The Group is exposed to equity securities price risk because of investments held by the Group and recorded in the consolidated statement of financial position 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$62,227,000 (2012: HK$$64,301,000) as at 31 December 2013.

(ii) 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 34).

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 the end of the reporting period 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 purchasers and sell the property to recover any amounts paid by the Group to the bank. In this regard, the Group considers that the credit risk is minimal.

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

(iii) 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 facilities (Note 28(a)) and cash and bank balances (Note 25) on the basis of expected cash flow.

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

4. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

	Within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
THE GROUP				
At 31 December 2013				
Borrowings	**1,747,338**	**2,942,548**	**5,766,325**	**1,284,405**
Trade, bills and contract payables	**839,564**	**—**	**—**	**—**
Amounts due to non-controlling shareholders of subsidiaries	**1,771,232**	**—**	**—**	**—**
Amounts due to an associated company	**1,088,226**	**—**	**—**	**—**
	5,446,360	**2,942,548**	**5,766,325**	**1,284,405**
At 31 December 2012				
Borrowings	2,122,031	1,543,733	1,683,619	—
Trade, bills and contract payables	678,806	—	—	—
Amounts due to non-controlling shareholders of subsidiaries	16,687	—	—	—
Amounts due to an associated company	69,668	—	—	—
	2,887,192	1,543,733	1,683,619	—
THE COMPANY				
At 31 December 2013				
Financial guarantees to subsidiaries	**6,841,674**	**—**	**—**	**—**
Amounts due to subsidiaries	**8,923,605**	**—**	**—**	**—**
Other payables	**25,408**	**—**	**—**	**—**
	15,790,687	**—**	**—**	**—**
At 31 December 2012				
Financial guarantees to subsidiaries	3,549,372	—	—	—
Amounts due to subsidiaries	2,946,268	—	—	—
Other payables	14,562	—	—	—
	6,510,202	—	—	—

4. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

The table above excludes guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties (Notes 4(a)(ii) and 34) as management considers the risk as minimal.

(b) Capital risk management

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

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

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

The gearing ratios at 31 December 2013 and 2012 were as follows:

	2013 **HK$'000**	2012 HK$'000
Total borrowings	**10,151,778**	4,981,250
Less: Cash and bank deposits	**(6,217,908)**	(2,530,435)
Net debt	**3,933,870**	2,450,815
Total equity	**11,344,192**	7,901,254
Gearing ratio	**35%**	31%

(c) 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.

4. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

The financial assets at fair value through other comprehensive income comprise primarily equity securities listed in Hong Kong. As at 31 December 2013, equity securities amounting to HK$622,269,000 (2012: HK$643,011,000) are measured at fair value and based on quoted market prices of an active market (Level 1) at the end of the reporting period. 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.

In estimating the fair value of a non-financial asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuation.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of investment properties. Note 16 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Investment properties

Independent valuers were engaged to carry out an independent valuation of the Group's investment property portfolio as at 31 December 2013. The fair value of each investment property is individually determined at the end of the reporting period 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.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors of the Company (the "Directors") have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. Therefore, in determining the Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 17).

If the estimated discount rate applied to the discounted cash flows for the Group's CGUs 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 (2012: Nil).

Construction contracts in progress

As explained in the accounting policy stated in Note 3, 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 end of the reporting period, which would affect the revenue and profit recognised.

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.

Employee share option benefit

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Revenue recognition

The Group has recognised revenue from the sale of properties held for sale as disclosed in Note 3. 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 purchasers upon release of the respective property to the purchasers.

6. SEGMENT INFORMATION

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 aluminum 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:

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

6. SEGMENT INFORMATION (CONTINUED)

Operating segments (Continued)

Segment revenue and results

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

Segment assets and liabilities

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

6. SEGMENT INFORMATION (CONTINUED)

Operating segments (Continued)

Segment assets and liabilities (Continued)

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

Other segment information

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

Geographical information

The Group operates its businesses in two main geographical areas:

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

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

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

7. PROFIT FOR THE YEAR

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

8. OTHER GAINS, NET

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

9. EMPLOYEE BENEFIT EXPENSE

	2013 HK$'000	2012 HK$'000
Wages, salaries and bonus	213,445	162,254
(Reversal of)/provision for long service payment	(138)	153
Pension costs — defined contribution plans (Note 32)	19,779	16,692
Share option benefits	13,706	1,356
	246,792	180,455
Less: amount capitalised as properties under development	(31,376)	(26,139)
Less: amount included in cost of sales	(38,817)	(25,976)
Less: amount included in advertising and other promotional costs	(11,214)	(9,680)
	165,385	118,660

(a) Directors' emoluments

The remuneration of each Director for the year ended 31 December 2013 is set out below:

Name of Directors	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Share option benefits HK$'000	Total HK$'000
Mr. Sun Xiaomin	—	—	—	—	463	463
Mr. He Jianbo*	—	3,217	1,000	109	681	5,007
Mr. Yin Liang	—	2,670	700	93	517	3,980
Ms. He Xiaoli	—	2,382	650	79	493	3,604
Mr. Tian Jingqi	—	—	—	—	399	399
Mr. Liu Zeping	—	—	—	—	345	345
Mr. Lam Chun, Daniel	350	—	—	—	—	350
Mr. Selwyn Mar	360	—	—	—	—	360
Ms. Tam Wai Chu, Maria	360	—	—	—	—	360
	1,070	8,269	2,350	281	2,898	14,868

9. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(a) Directors' emoluments (Continued)

The remuneration of each Director for the year ended 31 December 2012 is set out below:

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

During the year, no Directors waived or agreed to waive any emoluments (2012: 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 (2012: Nil).

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

Note:

(i) Resigned on 27 December 2012

(b) Five highest-paid individuals

In 2013, five highest-paid individuals in the Group include three (2012: three) Directors. These directors' emoluments are disclosed in (a) above. Details of the emoluments of the remaining two (2012: two) individuals are as follows:

	2013 HK$'000	2012 HK$'000
Salaries and allowances	**4,276**	3,472
Bonuses	**900**	980
Employer's contributions to pension schemes	**128**	144
Share option benefits	**987**	70
	6,291	4,666

9. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Five highest-paid individuals (Continued)

The emoluments fell within the following bands:

	2013	2012
HK$2,000,001–HK$2,500,000	**—**	1
HK$2,500,001–HK$3,000,000	**—**	1
HK$3,000,001–HK$3,500,000	**2**	—
	2	2

During the year, no emoluments were paid by the Group to these individuals as an inducement to join or as compensation for loss of office (2012: Nil).

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

10. FINANCE INCOME AND COSTS

	2013 HK$'000	2012 HK$'000
Finance income		
Interest income from bank deposits	**60,860**	27,771
Interest income from loan to an associated company	**1,544**	57,959
Interest income from loan to a non-controlling shareholder of a subsidiary	**—**	5,541
	62,404	91,271
Finance costs		
Bank borrowings wholly repayable within five years	**213,371**	118,321
Other borrowings wholly repayable within five years	**231,915**	167,667
Other borrowings not wholly repayable within five years	**43,161**	—
	488,447	285,988
Less: amount capitalised as properties under development (note (i))	**(381,234)**	(99,528)
	107,213	186,460

Note:

(i) Borrowing costs were capitalised at rates ranging from 2.78% to 7.38% (2012: 3.03% to 7.36%) per annum.

11. INCOME TAX EXPENSE

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

Land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

	2013 **HK$'000**	2012 HK$'000
Current tax — PRC		
Enterprise income tax	**214,788**	410,557
Land appreciation tax	**188,802**	140,268
	403,590	550,825
Deferred tax (Note 29)	**45,876**	(193,893)
	449,466	356,932

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:

	2013 **HK$'000**	2012 HK$'000
Profit before tax	**1,025,262**	786,440
Tax calculated at domestic tax rates applicable to profits in the respective countries	**202,605**	156,232
Land appreciation tax	**188,802**	140,268
Tax effect of LAT	**(37,310)**	(27,865)
Income not subject to tax	**(49,397)**	(19,130)
Expenses not deductible for tax purposes	**104,254**	71,604
Utilisation of previously unrecognised tax losses	**(13,869)**	(21,582)
Recognition of previously unrecognised temporary differences	**—**	44,436
Unrecognised tax losses	**54,381**	12,969
Tax charge	**449,466**	356,932

The weighted average applicable tax rate was 19.8% (2012: 19.9%). The year-on-year change is primarily caused by a change in the relative profitability of the Group's subsidiaries in the respective regions.

12. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit attributable to equity holders of the Company includes a loss of approximately HK$109,799,000 (2012: profit of HK$224,081,000) dealt with in the financial statements of the Company.

13. EARNINGS PER SHARE — BASIC AND DILUTED

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares granted under the Company's share option schemes.

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

14. DIVIDENDS

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

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

15. 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 2013						
Opening net book amount	**109,204**	**3,951**	**5,310**	**11,248**	**9,813**	**139,526**
Exchange differences	**698**	**75**	**140**	**400**	**194**	**1,507**
Additions	**—**	**1,305**	**1,682**	**4,067**	**1,552**	**8,606**
Transfer from investment properties	**4,750**	**—**	**—**	**—**	**—**	**4,750**
Disposals	**—**	**(233)**	**(1,046)**	**(102)**	**—**	**(1,381)**
Depreciation	**(2,062)**	**(1,658)**	**(742)**	**(4,109)**	**(3,223)**	**(11,794)**
Closing net book amount	**112,590**	**3,440**	**5,344**	**11,504**	**8,336**	**141,214**
At 31 December 2013						
Cost	**119,726**	**8,641**	**10,121**	**26,031**	**22,112**	**186,631**
Accumulated depreciation and impairment	**(7,136)**	**(5,201)**	**(4,777)**	**(14,527)**	**(13,776)**	**(45,417)**
Net book amount	**112,590**	**3,440**	**5,344**	**11,504**	**8,336**	**141,214**
Year ended 31 December 2012						
Opening net book amount	111,089	5,646	4,225	6,956	12,033	139,949
Exchange differences	(6)	(4)	2	13	(7)	(2)
Additions	124	4	1,763	8,106	1,191	11,188
Disposals	—	—	(2)	(71)	(68)	(141)
Depreciation	(2,003)	(1,695)	(678)	(3,756)	(3,336)	(11,468)
Closing net book amount	109,204	3,951	5,310	11,248	9,813	139,526
At 31 December 2012						
Cost	114,218	8,773	9,238	21,504	20,721	174,454
Accumulated depreciation and impairment	(5,014)	(4,822)	(3,928)	(10,256)	(10,908)	(34,928)
Net book amount	109,204	3,951	5,310	11,248	9,813	139,526

At the end of both reporting periods, the Group's buildings are erected on land under medium-terms and long-terms leases in Hong Kong and long-terms leases in the PRC respectively.

Property, plant and equipment with carrying amounts of approximately HK$82,964,000 (2012: HK$78,912,000) have been pledged as collaterals for bank borrowings (Note 28(a)).

16. INVESTMENT PROPERTIES

	2013 HK$'000	2012 HK$'000
At beginning of the year	**1,070,239**	1,007,189
Transfer to land and buildings	**(4,750)**	—
Additions	**243**	37
Increase in fair value recognised in profit or loss	**169,417**	63,013
At end of the year	**1,235,149**	1,070,239

The carrying amounts of investment properties are analysed as follows:

	2013 HK$'000	2012 HK$'000
In Hong Kong, held under medium-term leases (between 10 to 50 years)	**701,000**	612,600
In Hong Kong, held under long-term leases (over 50 years)	**534,149**	457,639
	1,235,149	1,070,239

Investment properties with carrying amounts of approximately HK$1,205,100,000 (2012: HK$1,042,700,000) have been pledged as collaterals for bank borrowings (Note 28(a)).

The investment properties were revalued at 31 December 2013 by Vigers Appraisal & Consulting Limited, independent valuers. The valuation of completed investment properties, was arrived at by considering the reversionary potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2013 are as follows:

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Fair value as at 31 December 2013** HK$'000
In Hong Kong, held under medium-term leases (between 10 to 50 years)	—	—	701,000	701,000
In Hong Kong, held under long-term leases (over 50 years)	—	30,049	504,100	534,149

There were no transfers into or out of Levels 2 to 3 during the year.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 2 to 3) based on the degree to which the inputs to the fair value measurements is observable.

16. INVESTMENT PROPERTIES (CONTINUED)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs for fair value	Sensitivity
Property 1 in Hong Kong	Level 3	Direct comparison method and income method The key inputs are: 1. Reversionary yield; and 2. Market unit rent of individual unit	Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties of 5%	The higher the reversionary yield, the lower the fair value	If the reversionary yield to the valuation model is 50 basis point higher/lower while all the other variables were held constant, the carrying value of Property 1 would decrease by approximately HK$44,800,000 and Increase by approximately HK$54,700,000 respectively.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value	If the market unit rent to the valuation model is 2.5% higher/lower, while all the other variables were held constant, the carrying value of Property 1 would increase by approximately HK$10,700,000 and decrease by approximately HK$10,900,000 respectively.
Property 2 in Hong Kong	Level 3	Direct comparison method and income method The key inputs are: 1. Reversionary yield; and 2. Market unit rent of individual unit	Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties of 5%	The higher the reversionary yield, the lower the fair value	If the reversionary yield to the valuation model is 50 basis point higher/lower while all the other variables were held constant, the carrying value of Property 2 would decrease by approximately HK$62,900,000 and increase by approximately, HK$77,200,000 respectively.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value	If the market unit rent to the valuation model is 2.5% higher/lower, while all the other variables were held constant, the carrying value of Property 2 would increase or decrease by approximately HK$3,800,000, respectively.
Other properties in Hong Kong	Level 2	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject properties.	N/A	N/A	N/A

17. GOODWILL

Goodwill arising from acquisitions of subsidiaries are as follows:

	2013 HK$'000	2012 HK$'000
At beginning of the year	**9,800**	9,801
Exchange differences	**307**	(1)
At end of the year	**10,107**	9,800

Impairment test for goodwill

Goodwill is allocated to the CGUs identified as follows:

	2013 HK$'000	2012 HK$'000
CGU:		
Specialised construction	**10,107**	9,800

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.

	2013 %	2012 %
Estimated growth rate	**5.00**	5.00
Discount rate	**5.60**	6.00

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.

18. SUBSIDIARIES

(a) Investments in subsidiaries

	2013 HK$'000	2012 HK$'000
Unlisted share investments, at cost	**695,296**	695,296
Less: provision for impairment	**(567,350)**	(485,488)
	127,946	209,808

18. SUBSIDIARIES (CONTINUED)

(b) Amounts due from/to subsidiaries

	2013 HK$'000	2012 HK$'000
Amounts due from subsidiaries	**13,926,197**	8,028,023
Less: provision for impairment	**(248,515)**	(243,997)
	13,677,682	7,784,026
Amounts due to subsidiaries	**8,923,605**	2,946,268

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

(c) List of principal subsidiaries as at 31 December 2013:

Name of subsidiaries	Place of incorporation/ operation	Particulars of issued share capital/registered and paid up capital (note (i))	Percentage of equity interests 2013 Directly held by the Company	2013 Indirectly held by the Company	2012 Directly held by the Company	2012 Indirectly held by the Company	Principal activities
北京萬湖房地產開發有限公司 (Beijing Wanhu Property Development Co., Ltd. "Beijing Wanhu") (notes (iii) & (v))	PRC	RMB2,338,120,000	—	**51**	—	—	Real estate development
Best Pearl Development Limited	Hong Kong	1,000 shares of HK$1 each	—	**100**	—	100	Property investment
博羅縣碧華房地產開發有限公司 (Boluo County Bihua Property Development Company Limited "Boluo Bihua") (note (iii))	PRC	RMB602,013,150	—	**80**	—	80	Real estate development
Bright Circle Limited	Hong Kong	10,000 shares of HK$1 each	—	**100**	—	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**	—	71	Real estate development
Eastrend (Hong Kong) Limited	Hong Kong	2 shares of HK$1 each	—	**100**	—	100	Property investment
Full Pacific Limited	Hong Kong	2 shares of HK$1 each	—	**100**	—	100	Property investment
Great Way Properties Limited	Hong Kong/PRC	2 shares of HK$1 each	—	**100**	—	100	Property investment

18. SUBSIDIARIES (CONTINUED)

(c) List of principal subsidiaries as at 31 December 2013: (Continued)

Name of subsidiaries	Place of incorporation/ operation	Particulars of issued share capital/registered and paid up capital (note (i))	Percentage of equity interests 2013 Directly held by the Company	Percentage of equity interests 2013 Indirectly held by the Company	Percentage of equity interests 2012 Directly held by the Company	Percentage of equity interests 2012 Indirectly held by the Company	Principal activities
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	—	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	US$55,000,000	—	50	—	50	Real estate development
Linkcheer Limited	Hong Kong	2 shares of HK$1 each	—	100	—	100	Property investment
Luck Achieve Limited	British Virgin Islands/ Hong Kong	2 shares of US$1 each	—	100	—	100	Securities investment
Minmetals Condo (Hong Kong) Engineering Company Limited	Hong Kong	1 share of HK$1	—	100	—	100	Design and installation of curtain walls
Minmetals Land Capital Limited (note (v))	British Virgin Islands	10 shares of US$1 each	100	—	—	—	Fund raising
Minmetals Land (China) Limited	Hong Kong/ Hong Kong and PRC	2 shares of HK$1 each	—	100	—	100	Provision of management service
Minmetals Land Investments Limited	British Virgin Islands/ Hong Kong	100 shares of US$10 each	100	—	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	—	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	US$100,000,000	—	100	—	100	Real estate development

18. SUBSIDIARIES (CONTINUED)

(c) List of principal subsidiaries as at 31 December 2013: (Continued)

Name of subsidiaries	Place of incorporation/ operation	Particulars of issued share capital/registered and paid up capital (note (i))	Percentage of equity interests 2013 Directly held by the Company	2013 Indirectly held by the Company	2012 Directly held by the Company	2012 Indirectly held by the Company	Principal activities
五礦地產南京有限公司 (Minmetals Property Development Nanjing Co., Ltd.) (note (iii))	PRC	RMB894,800,000	—	98.88	—	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	—	100	Real estate development
礦濟地產(南京)有限公司 (Kuangji Properties (Nanjing) Co., Ltd. "Kuangji Properties") (note (iii) & (v))	PRC	RMB5,400,000,000	—	66.67	—	—	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	—	100	Real estate development
ONFEM Finance Limited	British Virgin Islands/ Hong Kong	1,000 shares of US$1 each	100	—	100	—	Provision of financing for group companies
Oriental Dragon Construction Limited	Hong Kong/ Hong Kong and PRC	10,000 shares of HK$ each 1	—	71	—	71	Investment holding
五礦瑞和(上海)建設有限公司 (Minmetals Condo (Shanghai) Construction Co., Ltd. (note (ii))	PRC	US$4,270,000	—	100	—	100	Design and installation of curtain walls and aluminum windows
Texion Development Limited	Hong Kong	50,000,000 shares of HK$1 each	—	100	—	100	Property investment
Tinnex Management Limited	Hong Kong	2 shares of HK$1 each	—	100	—	100	Property management
Top Gain Properties Limited	Hong Kong/PRC	2 shares of HK$1 each	—	100	—	100	Property investment
Virtyre Limited	Hong Kong	2 shares of HK$10 each	—	100	—	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	—	100	Real estate development

18. SUBSIDIARIES (CONTINUED)

(c) List of principal subsidiaries as at 31 December 2013: (Continued)

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 2013.

(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 60% of the voting power.

(v) These companies are established/incorporated during the year ended 31 December 2013.

(d) Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations:

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of equity interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2013	2012	2013	2012	2013	2012
				HK$'000	HK$'000	HK$'000	HK$'000
Boluo Bihua (Note 18(c)(iii))	PRC	20%	20%	(7,565)	(5,552)	183,862	141,831
Kuangshi Jiye (Note 18(c)(iii) & (iv))	PRC	50%	50%	(464)	78	237,272	230,531
Beijing Wanhu (Note 18(c)(iii) & (v))	PRC	49%	—	(12,713)	—	730,228	—
Kuangji Properties (Note 18(c)(iii) & (v))	PRC	33.33%	—	(2,546)	—	2,301,547	—
Individually immaterial subsidiaries with non-controlling interests				122,252	161,178	153,752	523,781
				98,964	155,704	3,606,661	896,143

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

18. SUBSIDIARIES (CONTINUED)

(d) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Boluo Bihua

	2013 HK$'000	2012 HK$'000
Current assets	**2,273,339**	1,765,236
Non-current assets	**11,666**	24,209
Current liabilities	**767,883**	706,587
Non-current liabilities	**597,812**	373,705
Total equity	**919,310**	709,153

	Year ended 31 December 2013 HK$'000	Year ended 31 December 2012 HK$'000
Revenue	**214,159**	273,454
Expenses	**(251,986)**	(274,849)
Loss for the year	**(37,827)**	(1,395)
Other comprehensive income for the year	**17,940**	659
Total comprehensive expense for the year	**(19,887)**	(736)
Net cash outflow from operating activities	**(411,208)**	(404,781)
Net cash outflow from investing activities	**(3,064)**	(1,061)
Net cash inflow from financing activities	**300,653**	754,624
Net cash (outflow)/inflow	**(113,619)**	348,782

18. SUBSIDIARIES (CONTINUED)

(d) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Kuangshi Jiye

	2013 **HK$'000**	2012 HK$'000
Current assets	**573,731**	558,071
Non-current assets	**3,326**	4,214
Current liabilities	**102,513**	101,223
Total equity	**474,544**	461,062

	Year ended 31 December 2013 **HK$'000**	Year ended 31 December 2012 HK$'000
Revenue	**1,693**	16,006
Expenses	**(2,621)**	(15,850)
(Loss)/profit for the year	**(928)**	156
Other comprehensive income/(expense) for the year	**14,412**	(56)
Total comprehensive income for the year	**13,484**	100
Net cash outflow from operating activities	**(40,354)**	(270,667)
Net cash inflow from investing activities	**38,490**	48,759
Net cash inflow from financing activities	**—**	187,839
Net cash outflow	**(1,864)**	(34,069)

18. SUBSIDIARIES (CONTINUED)

(d) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Beijing Wanhu

	2013 HK$'000	2012 HK$'000
Current assets	**4,250,509**	—
Non-current assets	**20,766**	—
Current liabilities	**2,781,014**	—
Total equity	**1,490,261**	—

	Year ended 31 December 2013 HK$'000	Year ended 31 December 2012 HK$'000
Revenue	**4,075**	—
Expenses	**(30,019)**	—
Loss for the year	**(25,944)**	—
Other comprehensive income for the year	**5,197**	—
Total comprehensive expense for the year	**(20,747)**	—
Net cash outflow from operating activities	**(4,176,734)**	—
Net cash inflow from investing activities	**14**	—
Net cash inflow from financing activities	**4,838,341**	—
Net cash inflow	**661,621**	—

18. SUBSIDIARIES (CONTINUED)

(d) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Kuangji Properties

	2013 **HK$'000**	2012 HK$'000
Current assets	**6,832,143**	—
Non-current assets	**11,653**	—
Current liabilities	**9,561**	—
Total equity	**6,834,235**	—

	Year ended 31 December 2013 **HK$'000**	Year ended 31 December 2012 HK$'000
Revenue	**1,280**	—
Expenses	**(34,982)**	—
Loss for the year	**(33,702)**	—
Other comprehensive income for the year	**25,548**	—
Total comprehensive expenses for the year	**(8,154)**	—
Net cash outflow from operating activities	**(5,083,424)**	—
Net cash outflow from investing activities	**(261)**	—
Net cash inflow from financing activities	**6,696,570**	—
Net cash inflow	**1,612,885**	—

19. INTERESTS IN ASSOCIATED COMPANIES

(a) Investments

	2013 HK$'000	2012 HK$'000
At beginning of the year	**772,732**	235,859
Exchange differences	**25,079**	2,581
Investments in associated companies	**—**	562,300
Share of profit/(losses)	**55,262**	(28,008)
At end of the year	**853,073**	772,732

Details of each of the Group's material associated companies at the end of the reporting period are as follow:

Name of entity	**Principle activities**	**Place of incorporation and operation**	**Proportion of equity interest held by the Group**	**Proportion of voting rights held by the Group**
廊坊萬恒盛業房地產開發有限公司 (Langfang Wanheng Shengye Property Development Co., Ltd ("Wanheng Shengye") (note i)	Real estate development	PRC	50%	40%
北京五礦萬科置業有限公司 (Beijing Minmetals Vanke Real Estate Co., Ltd "Beijing Minmetals Vanke") (note i)	Real estate development	PRC	51%	40%

Note:

(i) The companies are Sino-foreign equity joint ventures established in the PRC with operating periods of 30 years. The Group accounts for its investment in these companies as associated companies as it only exercises significant influence over the investment by minority representation in the board of directors. Pursuant to the respective shareholder agreements, the Company has the right to cast 40% of the votes at shareholder meetings of Wanheng Shengye, and 40% of the votes at shareholder meetings of Beijing Minmetals Vanke.

(b) Summarised financial information of material associated companies

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associated companies' financial statements prepared in accordance with HKFRSs.

All of these associated companies are accounted for using the equity method in these consolidated financial statements.

19. INTERESTS IN ASSOCIATED COMPANIES (CONTINUED)

(b) Summarised financial information of material associated companies (Continued)

Wanheng Shengye

	2013	2012
	HK$'000	HK$'000
Current assets	**488,236**	440,088
Non-current assets	**40**	61
Current liabilities	**80,558**	43,203

	Year ended 31 December 2013	Year ended 31 December 2012
	HK$'000	HK$'000
Loss for the year	**(1,623)**	(17,022)
Other comprehensive income/(expense) for the year	**12,394**	(105)
Total comprehensive income/(expense) for the year	**10,771**	(17,127)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Wanheng Shengye recognised in the consolidated financial statements:

	2013	2012
Net assets of the associated company	**407,718**	396,946
Proportion of the Group's equity interest in Wanheng Shengye	**50%**	50%
	HK$'000	HK$'000
Carrying amount of the Group's equity interest in Wanheng Shengye	**203,859**	198,473

19. INTERESTS IN ASSOCIATED COMPANIES (CONTINUED)

(b) Summarised financial information of material associated companies (Continued)

Beijing Minmetals Vanke

	2013 **HK$'000**	2012 HK$'000
Current assets	**3,659,399**	3,349,942
Non-current assets	**58,450**	51,950
Current liabilities	**2,141,242**	2,250,782
Non-current liabilities	**303,638**	24,667

	Year ended 31 December 2013 **HK$'000**	Year ended 31 December 2012 HK$'000
Revenue	**1,855,200**	—
Profit/(loss) for the year	**109,948**	(38,230)
Other comprehensive income/(expense) for the year	**37,022**	(128)
Total comprehensive income/(expense) for the year	**146,970**	(38,358)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Beijing Minmetals Vanke recognised in the consolidated financial statements:

	2013	2012
Net assets of the associated company	**1,272,969**	1,126,443
Proportion of the Group's equity interest in Beijing Minmetals Vanke	**51%**	51%
	HK$'000	HK$'000
Carrying amount of the Group's equity interest in Beijing Minmetals Vanke	**649,214**	574,486

19. INTERESTS IN ASSOCIATED COMPANIES (CONTINUED)

(c) Loan to an associated company

	2013 HK$'000	2012 HK$'000
Loan to an associated company	—	234,706

As at 31 December 2012, loan to an associated company is non-interest bearing, unsecured and repayable in 1 year. The loan has been fully repaid during the year ended 31 December 2013.

20. INVENTORIES

	2013 HK$'000	2012 HK$'000
Properties held for sale — located in the PRC	3,176,571	3,316,446
Properties under development — located in the PRC (a)	14,849,082	4,066,406
	18,025,653	7,382,852

(a) Properties under development

	2013 HK$'000	2012 HK$'000
Land use rights	12,837,993	2,809,931
Construction costs	2,011,089	1,256,475
	14,849,082	4,066,406

As at 31 December 2013, properties under development with carrying amounts of approximately HK$1,583,903,000 (2012: HK$1,124,619,000) have been pledged as collaterals for bank borrowings (Note 28 (a)).

21. CONSTRUCTION CONTRACTS IN PROGRESS

	2013 HK$'000	2012 HK$'000
Contract costs incurred plus recognised profits less recognised losses	2,818,445	1,769,064
Less: progress billings	(2,618,111)	(1,717,852)
Gross amounts due from customers for contract work	200,334	51,212

22. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

THE GROUP

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

THE COMPANY

	2013 HK$'000	2012 HK$'000
Deposits	**34**	26
Prepayments	**840**	822
Others	**473**	12
	1,347	860

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

THE GROUP

	2013 HK$'000	2012 HK$'000
Hong Kong dollar	**92,769**	345,746
RMB	**1,821,341**	4,065,886
	1,914,110	4,411,632

22. PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) The carrying amounts of prepayments, trade and other receivable are denominated in the following currencies: (Continued)

THE COMPANY

	2013	2012
	HK$'000	HK$'000
Hong Kong dollar	**1,347**	860

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

THE GROUP

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

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.

22. PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) (Continued)

THE GROUP (Continued)

Trade and contract receivables that are less than one year past due are generally not considered impaired. Trade and contract receivables of HK$532,056,000 (2012: HK$485,726,000) 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:

	2013 HK$'000	2012 HK$'000
Past due days		
1 to 90 days	**248,971**	341,406
91 to 180 days	**60,197**	34,054
181 days to 1 year	**46,096**	50,881
1 year to 2 years	**115,053**	28,814
Over 2 years	**61,739**	30,571
	532,056	485,726

Trade and contract receivables of HK$6,457,000 (2012: HK$6,261,000) 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:

	2013 HK$'000	2012 HK$'000
Past due days		
Over 2 years	**6,457**	6,261

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

	2013 HK$'000	2012 HK$'000
At beginning of the year	**6,261**	4,886
Exchange differences	**185**	(73)
Provision for impairment	**11**	1,448
At end of the year	**6,457**	6,261

The provision for impaired receivables has been included in administrative expenses in the profit or loss.

(c) As at 31 December 2013, prepayments include prepaid taxes and other charges of approximately HK$252,821,000 (2012: HK$133,519,000) in relation to the deferred revenue received.

22. PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) As at 31 December 2013, prepayment for land cost represents payment to the PRC Bureau of Land and Resources for the acquisition of lands in the PRC and the amount will be recognised as inventory upon issuance of Land Use Rights Certificates.

(e) As at 31 December 2012, amount due from an associated company is unsecured, non-interest bearing and repayable on demand. The amount has been fully repaid during the year ended 31 December 2013.

(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 end of the reporting period is the carrying amount of receivables mentioned above. The Group does not hold any collateral as security.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2013	2012
	HK$'000	HK$'000
Listed equity securities in Hong Kong		
At beginning of the year	**643,011**	345,705
Fair value (loss)/gain recognised in other comprehensive income	**(20,742)**	297,306
At end of the year	**622,269**	643,011

The Group's equity securities investment is measured at fair value at the end of the reporting period

	Fair value as at			**Valuation**
Financial assets	**31 December 2013 HK$'000**	31 December 2012 HK$'000	**Fair value hierarchy**	**technique(s) and key input(s)**
Financial asset at fair value through other comprehensive income — Listed equity securities	**622,269**	643,011	Level 1	Quoted prices in an active market

24. CASH AND BANK DEPOSITS, RESTRICTED

THE GROUP

	2013 HK$'000	2012 HK$'000
Restricted cash	**115,605**	111,179

The carrying amounts of restricted cash are denominated in Renminbi.

The maximum exposure to credit risk at the end of the reporting period 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 purchasers of the Group's properties.

25. CASH AND BANK DEPOSITS, UNRESTRICTED

THE GROUP

	2013 HK$'000	2012 HK$'000
Cash at banks	**3,478,913**	2,398,657
Short-term deposits	**2,623,103**	20,114
Cash on hand	**287**	485
Cash and bank deposits	**6,102,303**	2,419,256

Short-term deposits mature in approximately 6 days (2012: 15 days) from the end of the reporting period. As at 31 December 2013, the weighted average effective interest rate was 1.49% (2012: 0.04%) per annum.

THE COMPANY

	2013 HK$'000	2012 HK$'000
Cash at banks	**911**	1,029
Short-term deposits	**63,732**	17,191
Cash on hand	**21**	14
Cash and bank deposits	**64,664**	18,234

Short-term deposits mature in approximately 2 days (2012: 7 days) from the end of the reporting period. As at 31 December 2013, the weighted average effective interest rate was 1.88% (2012: 0.01%) per annum.

25. CASH AND BANK DEPOSITS, UNRESTRICTED (CONTINUED)

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

THE GROUP

	2013 HK$'000	2012 HK$'000
Hong Kong dollar	**188,723**	358,871
RMB	**5,410,906**	1,974,664
US$	**502,674**	85,718
Other currencies	**—**	3
	6,102,303	2,419,256

THE COMPANY

	2013 HK$'000	2012 HK$'000
Hong Kong dollar	**906**	18,223
RMB	**63,743**	—
US$	**15**	2
Other currencies	**—**	9
	64,664	18,234

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

26. SHARE CAPITAL

	2013 Number of shares '000	2013 Amount HK$'000	2012 Number of shares '000	2012 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**10,000,000**	**1,000,000**	10,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of HK$0.1 each				
Balance at beginning of the year	**3,337,853**	**333,785**	3,337,819	333,782
Exercise of share options	**—**	**—**	34	3
Balance at end of the year	**3,337,853**	**333,785**	3,337,853	333,785

26. SHARE CAPITAL (CONTINUED)

Share options

On 29 May 2003, the Company adopted a share option scheme (the "2003 Share Option Scheme") under which the Directors, at their discretion, invited 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 was determined by the Directors, and would 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 average 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 of the Company. The scheme remained in force for a period of ten years to 28 May 2013. On 7 June 2013, the Company adopted a new share option scheme (the "2013 Share Option Scheme") with the same terms under the 2003 Share Option Scheme. No share options have been granted by the Company pursuant to the 2013 Share Option Scheme.

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

Category of participants	Date of Grant	Exercisable period of share options	Exercise price 2013 HK$	Exercise price 2012 HK$	Number of share options 2013 '000	Number of share options 2012 '000
Directors	1 December 2008	1 December 2010 to 30 November 2018 (Note 1)	**0.45**	0.45	**3,173**	3,173
	30 November 2012	30 November 2014 to 29 November 2022 (Note 2)	**1.20**	1.20	**12,340**	12,340
					15,513	15,513
Employees and others	1 December 2008	1 December 2010 to 30 November 2018 (Note 1)	**0.45**	0.45	**7,639**	8,194
	30 November 2012	30 November 2014 to 29 November 2022 (Note 2)	**1.20**	1.20	**41,950**	45,600
					49,589	53,794
					65,102	69,307

Notes:

(1) The options are exercisable upon fulfillment of certain performance targets achieved by the Group and grantees. Number of 10,812,000 options are exercisable in three tranches: the maximum percentage of options of each tranche exercisable within the periods commencing from 1 December 2010 to 30 November 2018, from 1 December 2011 to 30 November 2018 and from 1 December 2012 to 30 November 2018 are 30%, 30% and 40% respectively. The fair value of share options in the three tranches is HK$0.3355 per share.

26. SHARE CAPITAL (CONTINUED)

Share options (Continued)

(i) (Continued)

Notes: (Continued)

(2) The options are exercisable upon fulfillment of certain performance targets achieved by the Group and grantees. These options are exercisable in three tranches: the maximum percentage of options of each tranche exercisable within the periods commencing from 30 November 2014 to 29 November 2022, from 30 November 2015 to 29 November 2022 and 30 November 2016 to 29 November 2022 are 30%, 30% and 40% respectively. The fair values of share options in the three tranches are HK$0.6538, HK$0.6774 and HK$0.6912 per share respectively.

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

	2013 Number of share options ’000	2012 Number of share options ’000
At beginning of the year	**69,307**	11,401
Granted	**—**	57,940
Lapsed	**(4,205)**	—
Exercised	**—**	(34)
At end of the year	**65,102**	69,307

No share option was exercised during the year ended 31 December 2013. During the year ended 31 December 2012, 34,000 share options were exercised and the weighted average share price was HK$0.9832.

27. RESERVES

THE GROUP

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

27. RESERVES (CONTINUED)

THE COMPANY

	Share premium HK$'000	Contributed surplus HK$'000 (note (a))	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2012	4,267,687	575,220	769	4,149	(321,582)	4,526,243
Issue of shares	12	—	—	—	—	12
Employee share option benefits	—	—	—	1,356	—	1,356
2011 final dividend paid	—	—	—	—	(33,379)	(33,379)
Profit for the year	—	—	—	—	224,081	224,081
Balance at 31 December 2012	**4,267,699**	**575,220**	**769**	**5,505**	**(130,880)**	**4,718,313**
Employee share option benefits	**—**	**—**	**—**	**13,706**	**—**	**13,706**
2012 final dividend paid	**—**	**(33,379)**	**—**	**—**	**—**	**(33,379)**
Loss for the year	**—**	**—**	**—**	**—**	**(109,799)**	**(109,799)**
Balance at 31 December 2013	**4,267,699**	**541,841**	**769**	**19,211**	**(240,679)**	**4,588,841**

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

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

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

During 2013, the Group completed the acquisition of the additional 48.53% of the issued share capital of Ample Hope Investments Limited which is a non-wholly owned subsidiary of the Company ("Ample Hope"), at a cash consideration of RMB405,000,000 (equivalent to approximately HK$507,429,000). The carrying amount of the non-controlling interest in Ample Hope on the date of acquisition is approximately HK$517,102,000. As a result, the Group recognised an increase in equity attributable to equity holders of approximately HK$9,673,000.

27. RESERVES (CONTINUED)

THE COMPANY (Continued)

(c) As stipulated by regulations in the PRC, the Company's 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 2013, amounting to approximately HK$135,344,000 (2012: HK$123,218,000), was included in retained earnings at 31 December 2013.

28. BORROWINGS

	2013 **HK$'000**	2012 HK$'000
Non-current		
Bank borrowings, secured (a)	**6,061,137**	3,080,023
Guaranteed bonds (b)	**2,678,470**	—
	8,739,607	3,080,023
Current		
Bank borrowings, secured (a)	**83,597**	38,422
Loan from a non-controlling shareholder of a subsidiary, unsecured (Note 36)	**8,649**	8,387
Loans from a fellow subsidiary, unsecured (Note 36)	**—**	1,159,349
	92,246	1,206,158
Current portion of long-term bank loans	**1,319,925**	695,069
	1,412,171	1,901,227
	10,151,778	4,981,250

(a) Banking facilities

The Group's aggregate banking facilities, including bank borrowings, as at 31 December 2013 amounted to approximately HK$10,812,895,000 (2012: HK$5,857,569,000), of which approximately HK$3,208,741,000 (2012: HK$1,951,752,000) was unutilised. As at 31 December 2013, the assets pledged by the Group as collaterals for the banking facilities are as follows:

(i) Investment properties with carrying amounts of approximately HK$1,205,100,000 (2012: HK$1,042,700,000);

(ii) Land and buildings with carrying amounts of approximately HK$82,964,000 (2012: HK$78,912,000);

(iii) Properties under development with carrying amounts of approximately HK$1,583,903,000 (2012: HK$1,124,619,000); and

(iv) Corporate guarantees given by the Company.

28. BORROWINGS (CONTINUED)

(b) Guaranteed bonds

On 26 April 2013, the Group issued the Guaranteed Bonds ("Guaranteed Bonds") with a principal amount of US$225,000,000 and US$125,000,000 bearing interest at the coupon rate of 5.50% and 6.50%, per annum respectively, which will be matured on 26 April 2018 and 26 April 2023 respectively. The Guaranteed Bonds were guaranteed by the Company and have the benefit of a keepwell deed from China Minmetals Corporation, the ultimate controlling shareholder of the Company. Upon the occurrence of a change of control and taxation triggering event, all outstanding Guaranteed Bonds may be redeemed and repurchased.

The Group may at its option redeem the Guaranteed Bonds at any time, in whole but not in part, at a Make Whole Price as of, and accrued and unpaid interest, if any, to (but excluding), the redemption date.

"Make Whole Price" means with respect to the Guaranteed Bonds at any redemption date, the greater of (1) the present value of the principal amount of the Guaranteed Bond, plus all required remaining scheduled interest payments due on such Guaranteed Bond from the optional redemption date to the maturity date (but excluding accrued and unpaid interest to the option redemption date), computed using a discount rate, which the rate per annum equal to the semi-annual equivalent yield in maturity of the comparable treasury issue, plus 0.50 per cent., and (2) the principal amount of such Guaranteed Bonds.

Early redemption options are regarded as embedded derivatives not closely related to the host debt instrument. The Directors consider that the fair value of the above early redemption options is insignificant on initial recognition and as at 31 December 2013.

28. BORROWINGS (CONTINUED)

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

	2013 HK$'000	2012 HK$'000
Bank borrowings		
Within one year	**1,403,522**	733,491
In the second to fifth year	**6,061,137**	3,080,023
	7,464,659	3,813,514
Bonds		
In the second to fifth year	**1,721,874**	—
In the sixth to tenth year	**956,596**	—
	2,678,470	—
Loan from a non-controlling shareholder of a subsidiary		
Within one year	**8,649**	8,387
Loan from a fellow subsidiary		
Within one year	**—**	1,159,349

(d) Borrowings of HK$7,473,308,000 (2012: HK$4,981,250,000) are on a floating interest rate basis. The effective interest rates at the end of the reporting period were as follows:

	2013		2012	
	HK$	RMB	HK$	RMB
Non-current				
Bank borrowings	**2.89%**	**7.37%**	3.03%	6.76%
Current				
Bank borrowings	**3.02%**	**6.49%**	3.03%	6.31%
Loan from a non-controlling shareholder of a subsidiary	**—**	**6.77%**	—	7.04%
Loans from a fellow subsidiary	**—**	**—**	—	6.44%

(e) 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 2013 ranged from 2.63% to 7.38% (2012: 2.63% to 7.36%) per annum.

28. BORROWINGS (CONTINUED)

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

	2013 HK$'000	2012 HK$'000
Hong Kong dollar	**6,738,381**	3,297,481
RMB	**734,927**	1,683,769
US$	**2,678,470**	—
	10,151,778	4,981,250

29. DEFERRED TAX

	2013 HK$'000	2012 HK$'000
Deferred tax assets	**189,055**	269,669
Deferred tax liabilities	**(97,748)**	(131,337)
	91,307	138,332

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	2013 HK$'000	2012 HK$'000
Tax losses		
At beginning of the year	**—**	—
Exchange differences	**846**	—
Recognised in the profit or loss	**52,344**	—
At end of the year	**53,190**	—
Temporary difference on cost recognition		
At beginning of the year	**269,669**	93,342
Exchange differences	**6,636**	546
Recognised in the profit or loss	**(140,440)**	175,781
At end of the year	**135,865**	269,669

29. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	2013 HK$'000	2012 HK$'000
Fair value gain		
At beginning of the year	**112,132**	143,792
Exchange differences	**8,631**	(60)
Recognised in the profit or loss	**(35,809)**	(31,600)
At end of the year	**84,954**	112,132
Accelerated tax depreciation		
At beginning of the year	**5,463**	5,674
Recognised in the profit or loss	**7,331**	(211)
At end of the year	**12,794**	5,463
Temporary difference on cost recognition		
At beginning of the year	**13,742**	—
Exchange differences	**—**	43
Recognised in the profit or loss	**(13,742)**	13,699
At end of the year	**—**	13,742

Deferred tax liabilities of HK$128,782,000 (2012: HK$81,520,000) have not been recognised for the withholding tax that would be payable on the unremitted retained earnings of certain subsidiaries, as the Directors currently intend not to distribute the retained earnings outside the PRC in the foreseeable future.

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 2013, the Group had unrecognised tax losses in Hong Kong of approximately HK$337,719,000 (2012: HK$210,922,000), which can be carried forward against future taxable income and have no expiry date. As at 31 December 2013, the Group had unrecognised tax losses in the PRC of approximately HK$109,727,000 (2012: HK$31,365,000) which will expire at various dates up to and including 2018.

30. TRADE AND OTHER PAYABLES

THE GROUP

	2013 HK$'000	2012 HK$'000
Trade, bills and contract payables (b)	**839,564**	678,806
Retention payables	**27,969**	56,137
Accruals and other payables	**1,793,103**	2,017,767
Rental deposits received	**16,648**	14,166
Amounts due to non-controlling shareholders of subsidiaries (Note 36)	**1,771,232**	16,687
Amounts due to associated companies (Note 36)	**1,088,226**	69,668
	5,536,742	2,853,231

THE COMPANY

	2013 HK$'000	2012 HK$'000
Accruals and other payables	**25,408**	14,562

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

THE GROUP

	2013 HK$'000	2012 HK$'000
Hong Kong dollar	**118,796**	114,843
RMB	**5,388,668**	2,738,388
US$	**29,278**	—
	5,536,742	2,853,231

THE COMPANY

	2013 HK$'000	2012 HK$'000
Hong Kong dollar	**25,408**	14,562

30. TRADE AND OTHER PAYABLES (CONTINUED)

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

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

31. DEFERRED REVENUE

	2013	2012
	HK$'000	HK$'000
Receipt in advance from property sales	**1,983,650**	1,341,668
Government grants	**40,141**	51,681
	2,023,791	1,393,349

32. PENSION OBLIGATIONS

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

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

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

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

33. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2013 HK$'000	2012 HK$'000
Profit before tax	**1,025,262**	786,440
Interest income	**(62,404)**	(91,271)
Interest expense	**107,213**	186,460
Depreciation	**11,794**	11,468
Fair value changes on investment properties	**(169,417)**	(63,013)
Loss on disposal of property, plant and equipment	**1,381**	141
Share option benefits	**13,706**	1,356
Provision for impairment of trade and other receivables	**3,191**	1,448
Share of results of associated companies	**(55,262)**	28,008
Operating profit before working capital changes	**875,464**	861,037
(Increase)/decrease in inventories	**(10,030,560)**	209,234
Decrease/(increase) in trade and other receivables	**2,736,469**	(863,134)
Increase in gross amounts due from customers for contract work	**(147,519)**	(42,068)
Increase in trade and other payables	**2,597,828**	59,008
Increase in deferred revenue	**586,845**	76,890
(Decrease)/increase in other liabilities	**(349)**	129
(Increase)/decrease in cash and bank deposits, restricted	**(947)**	52,334
Exchange adjustments	**76,047**	(6,859)
Cash (used in)/generated from operations	**(3,306,722)**	346,571

34. FINANCIAL GUARANTEES

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

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

35. COMMITMENTS

(a) The Group had capital commitments as follows:

	2013	2012
	HK$'000	HK$'000
Contracted but not provided for		
Expenditure in respect of acquisition of land use rights	**1,355,113**	—
Capital contribution into a real estate development company	**385,805**	374,100
Expenditure in respect of properties under development	**2,460,232**	786,001
	4,201,150	1,160,101

As at 31 December 2013, the Company did not have any outstanding capital commitments (2012: Nil).

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

	2013	2012
	HK$'000	HK$'000
Not later than one year	**25,203**	7,130
Later than one year but not later than five years	**27,739**	1,706
	52,942	8,836

As at 31 December 2013, the Company did not have any operating lease commitments (2012: 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:

	2013	2012
	HK$'000	HK$'000
Not later than one year	**57,849**	52,785
Later than one year but not later than five years	**98,881**	71,945
Later than five years	**4,828**	12,984
	161,558	137,714

As at 31 December 2013, the Company did not have any future lease receipts (2012: Nil).

36. RELATED PARTY TRANSACTIONS

The Group itself is part of a larger group of companies under China Minmetals Corporation ("China Minmetals"), which is controlled by the PRC government. Thus, the Directors of the Company consider that the Group is ultimately controlled by the PRC government. Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts businesses with entities directly or indirectly owned or controlled, jointly controlled or significantly influenced by the PRC government ("stated-controlled entities") in the ordinary course of business. The Directors consider those entities other than the China Minmetals group are independent third parties as far as the Group's business transactions with them are concerned. In establishing its pricing strategies and approval process for transactions with other state-controlled entities, the Group does not differentiate whether the counter-party is a state-controlled entity or not. The Group is of the opinion that it has provided, in the best of its knowledge, adequate and appropriate disclosure of related party transactions in the consolidated financial statements.

The Group has entered into various transactions, including sales, purchases, borrowings and other operating expenses with other state-controlled entities during the year in which the Directors are of the opinion that it is impracticable to ascertain the identity of the counterparties and accordingly whether the counterparties are state-controlled entities.

Other than disclosed elsewhere in the consolidated 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

	2013 **HK$'000**	2012 HK$'000
Specialised construction costs to a fellow subsidiary (note (i))	**105,657**	181,298
Construction costs to fellow subsidiaries for real estate development projects (note (ii))	**552,696**	785,571
Construction costs to a non-controlling shareholder of a subsidiary for a real estate development project (note (ii))	**303,131**	263,555
Rental income from fellow subsidiaries (note (iii))	**6,155**	3,777
Rental expense to a fellow subsidiary (note (iii))	**13,745**	—
Loan interest expense to a non-controlling shareholder of a subsidiary (note (iv))	**576**	11,954
Loan interest expense to a fellow subsidiary (note (v))	**46,809**	155,713
Loan interest income from an associated company (note (viii))	**1,544**	57,959
Loan interest income from a non-controlling shareholder of a subsidiary (note (ix))	**—**	5,541

36. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	2013 HK$'000	2012 HK$'000
Specialised construction costs payable to a fellow subsidiary (note (i))	**135,357**	99,151
Contract payable to fellow subsidiaries for real estate development projects (note (ii))	**90,494**	77,970
Contract payable to a non-controlling shareholder of a subsidiary (note (ii))	**53,781**	50,953
Rental payable to a fellow subsidiary (note (iii))	**6,244**	—
Loan from a non-controlling shareholder of a subsidiary (note (iv))	**8,649**	8,387
Loan from a fellow subsidiary (note (v))	**—**	1,159,349
Amount due from an associated company (note (vi)	**—**	128,761
Amounts due to non-controlling shareholders of subsidiaries (note (vii))	**1,771,232**	16,687
Amounts due to associated companies (note (vii))	**1,088,226**	69,668
Loan to an associated company (note (viii))	**—**	234,706
Fixed deposits placed in a fellow subsidiary (note (x))	**2,286,950**	—

Notes:

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

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

(iii) Rental and management fee income/expense received or receivable from/paid or payable to fellow subsidiaries of the Company were based on the terms in the agreements entered into between the parties involved.

(iv) The short-term loan from a non-controlling shareholder of a subsidiary is unsecured, bearing interest at 110% of the benchmark interest rate for a one to three year loan quoted by the People's Bank of China per annum and payable on demand.

(v) The short-term loans from a fellow subsidiary are unsecured, bearing interest at 110% of the benchmark interest rate for a 1 year loan quoted by the People's Bank of China per annum and repayable in 1 year. The loans were fully settled in 2013.

(vi) The amount due from an associated company is unsecured, non-interests bearing and was fully settled in 2013.

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

(viii) The loan to an associated company is unsecured, bearing interest at the benchmark interest rate for a 1 year short-term loan quoted by the People's Bank of China per annum and repayable in 1 year. The loan was fully settled in 2013.

36. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties (Continued)

Notes: (Continued)

(ix) The loan to a non-controlling shareholder of a subsidiary of the Company is unsecured, bearing interest at 110% of the benchmark interest rate for a 1 year short-term loan quoted by the People's Bank of China per annum and repayable in 1 year. The loan was fully settled in 2012.

(x) The fixed deposits mature on 6 January 2014 and the effective interest rate was 1.49%.

(c) Key management compensation

	2013 HK$'000	2012 HK$'000
Salaries and short-term employee benefits	**11,689**	12,717
Pension costs — defined contribution plans	**281**	301
Share option benefits	**2,898**	460
	14,868	13,478

Glossary of Terms

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

"2003 Share Option Scheme"	the share option scheme of the Company adopted on 29 May 2003
"2013 Share Option Scheme"	the share option scheme of the Company adopted on 7 June 2013
"23rd Metallurgical"	The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals
"AGM"	annual general meeting of the Company for 2014
"ASP"	average selling price
"Board"	the board of directors of the Company
"Boluo Bihau"	Boluo County Bihua Property Development Company Limited
"Bye-laws"	the Bye-laws of the Company
"CAGR"	compound annual growth rate
"CG Code"	the Corporate Governance Code
"China Minmetals"	China Minmetals Corporation
"CMCL"	China Minmetals Corporation Limited
"Company" or "Minmetals Land"	Minmetals Land Limited
"Condo Hong Kong"	Minmetals Condo (Hong Kong) Engineering Company Limited
"Condo Shanghai"	Minmetals Condo (Shanghai) Construction Co., Ltd.
"Director(s)"	director(s) of the Company
"Fifth Plaza Co"	Beijing Fifth Plaza Real Estate 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 Properties"	Hunan Jiasheng Properties Service Co., Ltd.
"Jiahe Risheng"	Minmetals Land (Hunan) Jiahe Risheng Real Estate Development Co., Ltd.
"June Glory"	June Glory International Limited
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Minmetals Capital"	Minmetals Capital (Hong Kong) Limited
"Minmetals Cheerglory"	Minmetals Cheerglory Limited

"Minmetals Finance"	Minmetals Finance Company 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 of HK$0.1 each of the Company
"Shenzhen Pan-China"	Shenzhen Pan-China Engineering Co., Ltd.
"sq.m"	square metres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Texion"	Texion Development Limited
"US$"	United States dollars
"Yingkou Industrial Park"	Minmetals (Yingkou) Industrial Park Real Estate Development Co., Ltd.
"Yingkou 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

Projects under development of China Minmetals

Founded in 1950, China Minmetals is one of the largest State-owned conglomerates that operates globally with core business in exploration, mining, smelting, processing and trading for metals and minerals, finance, real estate, and mining and metallurgic technology. China Minmetals achieved operating revenue of approximately RMB402.8 billion for 2013 and was ranked 192 among the US Fortune world top 500 enterprises in 2013.

China Minmetals has, in recent years, actively participated in commercial estate development, construction and installation business after it has a footing on the residential development and industrial estate business. Accordingly, it has equipped with considerable resources in this respect. Excluding real estate development projects of Minmetals Land, China Minmetals has a total gross floor area of approximately 10 million square metres for residential and industrial estate development in the Pan Bohai Rim region and the eastern and central part of China. Furthermore, it has an industrial site of 30 square kilometres in Yingkou City of Liaoning Province.

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

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